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WORLD NEWS

Indian troops break into Golden Temple

Indian paramilitary troops smashed through fortifications to recapture part of the Golden Temple complex in Amritsar where Sikh separatists have been barricaded since Monday. Security forces took two buildings in the complex without casualties, the Press Trust of India said. Earlier report, Page 3

Temple Mount clash

Israeli police baton-charged hundreds of Palestinian protestors on the Temple Mount, Jerusalem, after Moslem prayers during the last Friday in Ramadan.

Angola talks optimism

South Africa's Foreign Minister Pik Botha ended talks with Angola and said international efforts to end the war there would be resumed shortly. Page 2

Beirut airport road seized

Iranian-backed fighters of the Hizbollah extremist Shi'ite militia seized control of the main airport highway in Beirut in defiance of Syrian troops. Page 2

BBC shooting

An 84-year-old woman, who shot and injured a commissionaire in the foyer of BBC Broadcasting House, London, was being questioned by police.

Under-age drink plea

Home Secretary Douglas Hurd urged magistrates to crack down on publicans who allowed under-age drinking.

RAF jet crashes

An RAF Hawk training jet crashed and exploded in a field in Dyfed, West Wales. No one was injured.

Eastern Europe union

Hungarian academics and research scientists will meet in Budapest to found Eastern Europe's first independent trade union since Solidarity in Poland.

S African miners protest

Up to 40,000 black South African miners protested against plans to curb trade union rights, the National Union of Mineworkers said.

Soviets monitor satellite

Soviet space officials, who lost radio contact with a nuclear satellite in April, were closely observing its flight path, Tass news agency said.

Japanese minister quits

A Japanese cabinet minister resigned after refusing to retract his assertions that Japan was not an aggressor nation in the Second World War. Page 3

Funeral killings

A 22-year-old west Belfast man faced three charges in connection with the killings of two Army corporals at an IRA funeral in the city two months ago.

Bicycle thief executed

A 29-year-old man convicted of stealing 74 bicycles on his own and 37 with an accomplice was executed in southern China.

Philby buried in Moscow

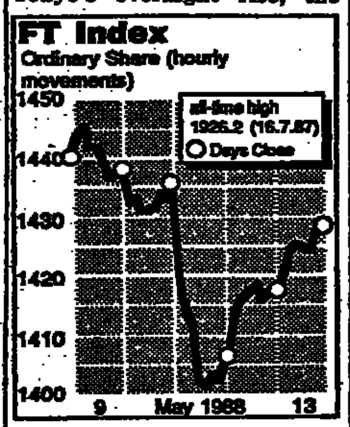
Double agent Kim Philby was buried in a Moscow cemetery with full military honours, including three volleys fired over his grave by a Soviet KGB guard of honour.

BUSINESS NEWS

BA in legal row with US airline

AMERICAN AIRLINES, second biggest in the US, is taking British Airways to the High Court in London on Wednesday in a row over BA's allegedly unfair operation of computer reservations systems with UK travel agents. The US airline, which claims BA is abusing its dominant position in the UK, is also pursuing its case with the European Commission, alleging BA is breaching the Treaty of Rome. Back Page

LONDON SHARES tried to rebuild confidence yesterday after a nervous week. Led by Tokyo's overnight rise, the



Financial Times Ordinary Share index gained 11 points to close yesterday at 1,428.6 – still short of the 1,440.1 close of last Friday. Page 12

JOHNSON MATTHEY Bankers: Businessmen Umed Goleecha and Rajendra Choraria were sentenced to three years' and 18 months' jail respectively for conspiring in false accounting. The Old Bailey trial heard the men used false documents to dupe JMB bank into handing over money for a supposed commodity deal. Page 4

HALIFAX BUILDING Society, Britain's biggest, is to offer a 0.3 percentage point cut on normal rates for people borrowing more than £60,000. Page 4

TREASURY estimates suggest that moves to cut or eliminate UK tax breaks will raise £800m extra revenue in their first year's operation. Page 4

STYLO's pre-tax profits dropped from £1.58m to £426,000 for the year to January 30, but the UK shoe retailer is maintaining the 5p dividend. Page 8

CRYSTALATE Holdings, the UK electronic components concern, saw pre-tax profits fall 58 per cent to £1.68 in the half to March 31. Page 8

SEA CONTAINERS, Bermuda-based operator of UK ferries and lessor of marine containers, reported first-quarter net earnings of $30.5m against a net loss of $12.9 in the last quarter of 1987. Page 10

STANDARD CHARTERED Bank (C.I) was ordered by the Royal Court in St Helier, Jersey, to disclose to the fraud squad documents about a company linked to US lawyer and former Guinness director Tom Ward. Back Page

TOKYO Stock Exchange: Japanese Finance Minister Kiichi Miyazawa criticised the British Embassy in Tokyo for seeking two more seats on the exchange for British companies. Page 10

JVC, the Japanese TV and audio equipment company, boosted pre-tax profits from Y12.93bn to Y17.3bn in the year to March 20. Page 10

RADIO LUXEMBOURG's owner RTL plans a push into the British market once the Government opens broadcasting to wider competition. Page 5

MARKETS

DOLLAR

New York lunchtime:
DM 1.6845
FFr 5.706
SFr 1.40075
Y124.725

London:
DM 1.683 (1.679)
FFr 5.705 (5.695)
SFr 1.4 (1.3955)
Y124.65 (124.25)

Dollar index 92.8 (same)
close Y124.7

US LUNCHTIME RATES

Fed Funds 7¼%
3-month Treasury Bills: yield: 6.35%
Long Bond: 100¼ yield: 9.08%

GOLD

New York: Comex June $452.3
London: $449.25 (451.75)

STERLING

New York lunchtime $1.89
London: $1.891 (1.885)
DM 3.1825 (3.165)
FFr 10.7875 (10.735)
SFr 2.6475 (2.63)
Y235.75 (234.25)
Sterling index 79 (78.7)

LONDON MONEY

3-month interbank: closing rate 8¼% (8¼)

NORTH SEA OIL

Brent 15-day June (Argus) $16.575 (16.425)

STOCK INDICES

FT-SE 100 1,781.8 (+9.5)
FT Ord 1,428.6 (+11)
FT-A All Share 919.01 (+0.5%)
FT-A long gilt yield index: High coupon: 9.22 (9.26)
New York lunchtime: DJ Ind Av 1,989.06 (+21.06)
Tokyo: Nikkei 27,468.31 (+255.78)

Chief price changes yesterday: Back Page

Austria Sch22; Bahrain Din0.650; Bermuda $1.50; Belgium BFr48; Canada C$1.00; Cyprus C£0.90; Denmark DKr10.00; Egypt E£2.25; Finland Fmk7.00; France FFr6.50; Germany DM2.50; Greece Dr120; Hong Kong HK$12; India Rup15; Indonesia Rp3,100; Israel NS3.50; Italy L1700; Japan Y650; Jordan Fils500; Kuwait Fils500; Lebanon $1.25; Luxembourg LFr48; Malaysia Rnt4.25; Mexico Pe300; Morocco Dh6.00; Netherlands Fl3.00; Norway Nkr10.00; Philipines Pe30; Portugal Esc120; S.Arabia Rls7.00; Singapore S$4.10; Spain Pta145; Sri Lanka Rup30; Sweden SKr9.00; Switzerland SFr2.50; Taiwan NT$65; Thailand Bt50; Tunisia Din0.800; Turkey L600; UAE Dh6.50; USA $1.00.

Sterling rises sharply on expectations of high UK interest rates

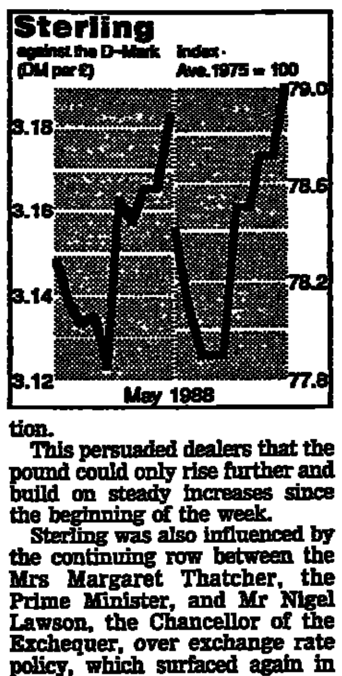
BY OUR ECONOMICS AND POLITICAL STAFF

STERLING JUMPED to its highest level for more than two years against world currencies yesterday as markets became convinced that the pound would continue to be underpinned by high UK interest rates.

In spite of frequent intervention by the Bank of England, the pound closed at DM3.1825, almost two pfennigs higher, and at $1.8910, up more than half a cent. The Bank's trade-weighted sterling index closed at 79.0 compared with 78.7 on Thursday – its highest since December 1985.

Equity markets closed higher in spite of nervousness about the effects of a rising pound on industrial competitiveness. Share prices continued to regain some of the ground lost on Wednesday and were further helped by sharp rises in Tokyo and New York. The FT-SE 100 share index closed up 9.5 at 1781.8; the FT Ordinary index closed up 11.0 at 1428.6.

Confidence in the pound was boosted after dealers digested Thursday's Bank of England Quarterly Bulletin, which was interpreted as ruling out a cut in interest rates because of the possible impact on the already fast-growing UK domestic economy. This sentiment was reinforced by the authorities' restatement of their commitment to fight inflation.



This persuaded dealers that the pound could only rise further and build on steady increases since the beginning of the week.

Sterling was also influenced by the continuing row between the Mrs Margaret Thatcher, the Prime Minister, and Mr Nigel Lawson, the Chancellor of the Exchequer, over exchange rate policy, which surfaced again in the Commons on Thursday. Mrs Thatcher's repeated refusal to back the views of her Chancellor on the exchange rate added to upward pressure.

Cabinet division over exchange rate policy was further highlighted yesterday when Sir Geoffrey Howe, the Foreign Secretary and a former Chancellor, pressed for an early decision on full British membership of the European Monetary System. This is directly contrary to the view of Mrs Thatcher.

Departing from the text of his speech to the Scottish Conservative Conference in Perth, Sir Geoffrey noted that the Government's policy was to join the EMS "when the time is right." But, importantly, he added: "We cannot forever go on adding that qualification to the underlying commitment."

His comment went significantly further than the usual cautious formula which Sir Geoffrey has used since he first became Chancellor nine years ago. Given the controversy over exchange rate policy, it will add to the public pressure over EMS membership, where Sir Geoffrey is aligned with Mr Lawson against Mrs Thatcher's views.

Continued on Back Page

Rise in US producer prices slows, Page 2; Why Wall Street is nervous about inflation, Page 6; World stock markets, Page 11; Currencies and London Stock Exchange, Page 12; Lex, Back Page

Japanese tyre maker aims to become world's largest

BY CARLA RAPOPORT IN TOKYO

BRIDGESTONE, Japan's leading tyre company, yesterday said it aimed to become the world's largest tyre maker following its $2.6bn (£1.4bn) acquisition of Firestone of the US.

In his first detailed comments on the deal agreed in March, Mr Akira Yeiri, Bridgestone's president, said in Tokyo that the complementary strengths of the two companies were extensive. "With this potential, we expect to become a great company, aiming at the number one position in the world tyre industry."

At present, Goodyear of the US and Michelin of France each outrank the combined sales of Bridgestone and Firestone, but by only a small margin.

Mr Yeiri stressed that Bridgestone had no plans to rationalise production facilities or cut jobs at Firestone. Further, he said management autonomy at the Ohio-based company would be preserved. "We respect their management systems. Therefore Firestone facilities, brand name, production facilities, sales network and management systems will remain," he said.

General Motors' recent decision to drop Firestone as a North American supplier would not change the company's commitment to maintaining current employment levels at Firestone.

Late last month, as Bridgestone was completing the takeover, GM said an unrelated rationalisation of its tyre sourcing would cut the company out of a business taking a fifth of Firestone's US and Canadian output.

Mr Yeiri said yesterday that "there is ample possibility of supplying Japanese automakers in the US" to cover the gap created by the loss of the GM contract.

Nissan and Honda already have plants in the US and Toyota is due to open a plant later this year, with Mazda and Mitsubishi Motors following in 1989. The Japanese motor industry presence in the US is increasing rapidly and output should reach 2m units a year by 1990. Mr Yeiri said Firestone might also begin to export tyres to vehicle makers in Japan for those cars aimed at overseas markets.

At the same time, he hoped Firestone could win back the GM contract by making the best products for future GM cars.

Mr Yeiri said that some of Bridgestone's top executives would go to Firestone's Akron headquarters to help improve communications between the two companies. However, almost all the top Firestone officers would remain in place.

Bridgestone will also send a team to Akron to study the US company's productivity and quality control. "That mission is most urgent. It may turn out that their productivity is higher than ours and we may have to learn from them," he said.

None the less, decision-making for the US market will be left to Firestone.

The complementary areas between the two companies were identified by Mr Yeiri as Firestone's strengths in the US and Europe and its expertise in passenger car tyres, while the strengths of Bridgestone were concentrated in Asia and in its greater expertise in commercial vehicle tyres.

Mr Yeiri said that half the purchase price for Firestone would be met from internal reserves and half would be raised through bank loans which have yet to be arranged.

He said the increased interest charges would depress the company's earnings in the short term. Longer term, however, he said he was confident that profits would rebound strongly. Worldwide net earnings last year were Y36bn (£153.7m) on sales of Y820.4bn.

Austin Rover to take control of US distributor, Page 4

Sotheby's valued at $450m

BY CLAY HARRIS

SOTHEBY'S HOLDINGS, the international auction house, was valued at $450m (£238m) yesterday as its shares began trading simultaneously in London and New York.

The issue had been firmly priced at $18 a share barely an hour before trading started at 2.30pm London time to coincide with the opening on Wall Street.

The short interval between pricing and the start of trading conformed with US practice. In London, the shares closed at 960p, equal to $18.15.

The issue price was the lowest envisaged in a range published by Sotheby's last month. The market value compares with the £83m paid by Mr Alfred Taubman, the US entrepreneur and fellow investors in 1983 to make Sotheby's private.

Yesterday's issue raised $99m for Mr Taubman, Sotheby's chairman and other shareholders, but no new money for the auction house itself. It had originally been planned for last autumn, but was delayed by the October crash.

In the UK, 1.5m shares were placed by Salomon Brothers International and Lazard Brothers, with Cazenove acting as lead broker. There were also 2.9m shares offered in the US and 1.1m to international investors.

At the insistence of the US Securities and Exchange Commission, Sotheby's made a late change to the prospectus to include a warning about a potential threat to two-tier voting structures such as Sotheby's.

In the US, only the American Stock Exchange – where Sotheby's is listed – allows differential voting rights. The 22 per cent of share capital sold yesterday, for example, carries only 2.7 per cent of voting rights.

The SEC said potential shareholders should be reminded that US exchanges were studying the possibility of unifying their standards, in which case Sotheby's could potentially lose its US listing. If this did happen, London quotations would not be affected.

Another late change in the prospectus, establishing a separate share register for UK shareholders, could encourage trade in London at the expense of New York.

Holders on the UK register will be allowed to trade under the two-week London account system rather than the three-day settlement used on Wall Street.

Sotheby's also reported strong advances in the first quarter of 1988, from the same 1987 period, with pre-tax profits of $8.1m ($6.1m) on operating revenues of $55.3m ($41.6m) and auction sales of $218.5m ($181.8m).

Lex, Back Page

British and Irish end dispute over extradition rules

BY KIERAN COOKE, DUBLIN CORRESPONDENT

THE IRISH Republic and the UK have settled their long-standing dispute about extradition arrangements, one of several issues that have recently inflicted serious damage on Anglo-Irish relations.

Sir Patrick Mayhew, British Attorney-General, was invited to Dublin last Tuesday by Mr John Murray, his Irish counterpart. The invitation, which came after meetings between British and Irish officials, was disclosed yesterday.

Irish officials said the British had agreed to accept conditions to an extradition amendment act passed by the Irish parliament late last year.

Under the act, the British authorities have to supply evidence to back extradition warrants. The evidence then has to be vetted by the Irish Attorney-General. Irish government officials said Sir Patrick had agreed to abide fully by the requirements of the act.

British officials said, however, that Mr Murray had agreed to modify "certain stipulations" in the act. They added that the Irish had accepted that some British worries about the new extradition procedures were justified.

The agreement was welcomed in London last night as an important step in dealing with terrorism and improving relations between the two countries.

Relations had been damaged notably by Sir Patrick's decision, announced last January, not to prosecute Royal Ulster Constabulary officers over the alleged "shoot-to-kill" policy in Northern Ireland in the early 1980s.

There were accusations from London that the Irish Republic was placing unnecessary obstacles in the way of extradition, and that it was being "soft" on terrorism. The Irish retorted by accusing the British of arrogance.

As a result of the dispute, the processing of new extradition warrants issued by Britain against people living in the republic has been held up for six months.

Authorities in the republic have claimed that the British have refused to supply evidence to back warrants. They have especially accused Sir Patrick of high-handedness in not abiding by Irish law.

Sir Patrick's office had sought assurances that evidence supplied would be treated in confidence and not be shown in Irish courts if an extradition was challenged.

It is still not clear how this point has been resolved. One source said Mr Murray had agreed that the names of witnesses supplied by Britain would not be disclosed.

Thatcher launches Scottish campaign

BY JAMES BUXTON, SCOTTISH CORRESPONDENT

MRS Margaret Thatcher, the Prime Minister, last night launched what she called "a campaign to strengthen the Union" by winning back Scotland for the Conservative Party cause.

In a vigorous speech to a rally after the Scottish Conservative Party conference in Perth, she said: "We have hard work ahead of us to turn the electoral map of Scotland Conservative blue again."

Her strategy for recovery of the party in Scotland, where it lost 11 of its 21 MPs at the last general election, consisted of a rejection of devolution, the underlining of the importance of the Union for Scotland, and reliance on the liberating effect of Tory economic and social policies.

Mrs Thatcher said the Conservative Party was doing the new thinking for the people of Scotland.

"I'm sometimes told that the Scots don't like Thatcherism. Well, I find that hard to believe – because the Scots invented Thatcherism, long before I was thought of."

Tracing Thatcherism back to the 18th century philosophers Adam Smith and David Hume, Mrs Thatcher said the Scots were again discovering enterprise after many years in which government intervention and socialist policies had stifled it.

Scotland, she claimed, had experienced a miracle, giving it "greater prosperity than anywhere in the United Kingdom outside the crowded, high-priced south-east."

The miracle was due to Thatcherism and its assault on the economic and social restrictions imposed by Labour dogma.

Mrs Thatcher praised the Scottish conservatives for their overwhelming rejection in the confer-

Continued on Back Page

Heath accuses Thatcher, Page 4

WEEKEND FT

FROM DREAM TO EMPIRE

As Israel celebrates its 40th year of existence, Elon Salmon considers whether the Jewish state has fulfilled the promise held in its founding

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FINANCE

Finding a place for foreign bonds in the small investor's portfolio

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TRAVEL

Michael Thompson-Noel puts Venice in perspective

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PROPERTY

Ten pages of international residential property

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BOOKS

The political passions of Byron, plus the sins of modern missionaries in Brazil

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ARTS

The Royal Academy summer show

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CONTENTS

OVERSEAS NEWS

Mitterrand puts squeeze on centre groups

Ian Davidson analyses the next step in the president's realignment of French politics

It always seemed likely, and now it is almost inevitable: if President François Mitterrand wants to find a reliable parliamentary majority to underpin his triumphant re-election last Sunday, he must call early general elections. Most political commentators now assume that he will dissolve the National Assembly without delay, so he can hold elections before the summer holidays.

President Mitterrand repeatedly made clear during his campaign that he wished to enlarge his parliamentary base by making an opening from the Socialist Party towards the centre, and indicated that he saw dangers in a parliamentary majority excessively dominated by the left.

Several of the leading figures on the centre-right of the political spectrum, including former President Valéry Giscard d'Estaing and Mrs Simone Veil, the former Giscardian minister, gave a cautious but conditional welcome to Mr Mitterrand's indirect overtures, and the UDF centre-right umbrella grouping to which they belong followed suit. They described their position as "constructive opposition" but said they would not automatically seek to vote down a new Socialist government; they would judge it on its acts, and they hoped that President Mitterrand would not go for an early dissolution.

In other words, the centrists ruled out any general commitment to support the new socialist government, let alone to join it. From that moment, they virtually guaranteed that President Mitterrand would fail to build a reliable centre-left majority in Parliament, and would therefore be forced to call the early general elections which they so fear.

So it has turned out. Mr Michel Rocard has long been one of the most popular French socialists and a leading representative of the party's social democrat wing, and his appointment as prime minister was a calculated gesture in the direction of the centre-right. The gesture failed to win over the leadership of the centre-right, as President Mitterrand must have known it would fail, and elections came a step closer.

To justify their resistance to Mr Mitterrand's overtures, Mr Giscard d'Estaing and other centre-right figures have argued that they have long been allied with the neo-Gaullist RPR party, most recently in the government of the past two years; out of common decency towards their voters, they can hardly switch camp just like that. Yet they have reason to fear general elections, in which they will be mercilessly squeezed between the socialists, the neo-Gaullists and the extreme right-wing National Front.

The centrists would be squeezed, because they would hardly know whether or not to negotiate another election pact with the neo-Gaullists. In response to the sudden upsurge of support for Mr Jean-Marie Le Pen of the National Front, the Gaullists took a sharp lurch to the right, to the alarm of the centrists. But in new general elections, the National Front is likely to wage a three- or four-cornered fight against all the other main parties, and the immediate consequence will be a large socialist victory and a decimation of the centrists.

Having failed to lure the centrists into a spontaneous centre-left majority, President Mitterrand will now try to create it by force in elections, by offering on a case-by-case basis to hold back socialist candidates, and thus let prominent centrists win.

It remains possible that President Mitterrand will delay the dissolution until the autumn, but most commentators believe he will not wait.

Either way, the team assembled by Mr Michel Rocard looks essentially like a caretaker government, until new elections have completed the re-arrangement of the French political landscape.

REPUBLICANS WORRIED ABOUT POLITICAL IMPLICATIONS AT HOME

'Deal' with Noriega under fire

BY STEWART FLEMING, US EDITOR, IN WASHINGTON

THE REAGAN Administration's efforts to cut a deal with General Manuel Noriega, the Panamanian strong man, under which he would step down and the US would drop drug charges brought against him in Florida, has been denounced by leading Democratic and Republican politicians.

Senator Richard Lugar, the Republican who chaired the Senate Foreign Relations Committee until his party lost control of the Senate in 1986, has called for the Administration to break off the *bilateral talks with Gen Noriega which the State Department is conducting.*

"If Noriega goes and we are left with either chaos or his henchmen or some lack of continuity which does not promise either elections or democracy or an end to the drug traffic, we have not got very far," Senator Lugar said in what amounted to a comprehensive attack on the Administration's policy towards Panama.

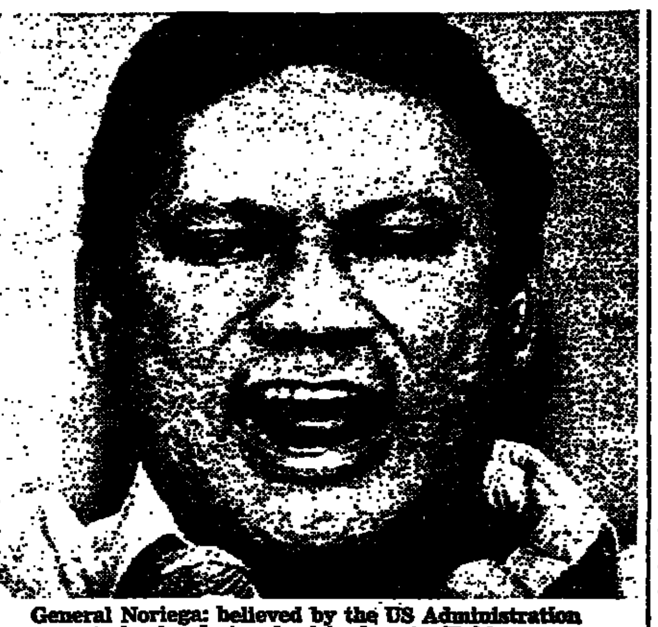
While Senator Lugar's criticism of the Administration focused on what many see as an incoherent policy towards Gen Noriega, which is making the US look weak and disorganised, there is also growing concern about the politics of the Panama imbroglio.

Since early in the year Governor Michael Dukakis of Massachusetts, the Democrat who now seems certain to be his party's presidential nominee, has been attacking the Administration for its handling of the Panama crisis, presenting it as a foreign policy blunder and linking it to rising concern about the drug problem at home.

Republicans worry that by negotiating with a man it believes has been deeply involved in drug trafficking, the Administration is providing the rival Democrats with evidence forthe claim that its war on drugs is largely rhetorical.

Asked on Thursday for a reaction to the White House statement that the Administration was "plea bargaining" with Gen Noriega in spite of opposition from Justice Department officials to any move that would result in the dropping of the charges against the Panamanian leader, Gov Dukakis said: "I think before we start talking about dropping indictments and deals the American people deserve a full explanation of the kind of relationship this Administration has had with Noriega. Were we doing business with him? Was he being paid off? If so by whom and just what exactly has been going on for the past 7½ years?"

Gov Dukakis' comments appear to reflect reports that Gen Noriega has been on the Central Intelligence Agency payroll for several years and speculation that Vice President George Bush, who headed an Administration drug task force in Florida, had detailed knowledge of the extent of Gen Noriega's involvement in drug trafficking. The Vice President has denied this.



General Noriega: believed by the US Administration to be deeply involved in drug-trafficking

US misreading of Panama leaves Noriega smiling

David Gardner, recently in Panama City, sees irony in the three-month campaign against the military ruler

GENERAL Manuel Antonio Noriega, Panama's beleaguered military leader, looks in better humour than he has been for weeks. He should be. He is winning — at least by the narrow measure of being able to resign his command on his own terms rather than the Reagan Administration's.

This now looks likely to be the denouement of the three month stand-off between the Noriega regime and the US, allied with the ineffective Panamanian opposition. The abiding irony of the situation is that the US could almost certainly have secured a resignation commitment from Gen Noriega six months ago, when he started looking for an honourable exit from the gathering confrontation.

Instead, having trumpeted almost daily since March that Gen Noriega would be gone in days, or if not, ways would be devised to go in and take him out, the Administration has lost the US much prestige in Latin America and very nearly razed Panama's economy, and is close to turning a domestically loathed and regionally isolated figure into a nationalist folk-hero.

Though the US created the Republic of Panama in 1903, hiving it off from Colombia, and has dominated it ever since, Washington misreads the country's essentially amoral political culture, which holds that practically everything can be negotiated and frequently is. If you refuse to negotiate, as the US did at the outset, then you must expect an outcome with a winner and a loser, and Gen Noriega is planning to drive a hard bargain.

"This is going to be the greatest triumph Latin America has had against the US for a very long time," predicts a senior member of the conservative Catholic hierarchy here not given to hyperbole.

Gen Noriega, a former intelligence chief with a gift for political chess, senses this. The conditions are watered down for his exit from the command of the 15,000-strong Panama Defence Forces (PDF), the country's de facto rulers since 1968.

The PDF Commander's advisers have insisted the US lift the devastating financial sanctions imposed on Panama in March, effectively "invalidate" the drugs indictments brought against Gen Noriega by two US courts in February, and accept his right to stay in the country. Gen Noriega "will not leave his post under US pressure and much less is he going to leave the country," asserts Major Edgardo Lopez, his spokesman.

Furthermore, following the failure of an almost comically botched US-backed coup on March 16, PDF officers and troops have united behind Gen Noriega's attempt to rebuild army cohesion by restructuring its command.

Officers openly express concern that if the general were to be driven out under fire, leaving the PDF in disarray, then the US would try to remove it from its dominant role in Panama.

The strongly nationalist PDF, the most cohesive force in the country and the only Panamanian force with guns, also believes that Washington's long-term plan is to retain control of the 14 bases of US Southern Command, which under the 1977 Panama Canal Treaties it is obliged to relinquish in 1999, when full control of the strategic waterway reverts to Panama.

Thus, says Captain Eduardo Lim Yueng, the PDF spokesman, Noriega's resignation "is an ace we've got to hold in reserve. Commanders are accidents, they come and they go. What is important to us is the institution."

Senior officers voted 80 to one in favour of closing the US School of the Americas training facility for all Latin American armies in 1984. On present trends they are likely in 1999 to insist on closing Southcom, which includes the US listening station for Latin America and the largest US air base in the region.

Gen Noriega has been canny enough not to be provoked into interfering with the canal (which has functioned normally throughout the crisis) or with the 10,000 Southcom troops alongside which the PDF has continued to live. Meanwhile he has ridden out Washington's strategy of financially throttling Panama to the point where it has backfired.

The Administration allowed itself to be persuaded by prominent Panamanian dissidents that because the military-dominated Government had all but run out of cash, and Panama's currency is the US dollar, the March freeze on the country's assets in the US and on Panama Canal and Transisthmian oil pipeline fees (the two largest single sources of revenue) would bring it down like a house of cards.

When all banks closed on March 4 because the national clearing bank could no longer supply dollars the scenario looked persuasive indeed. But Panama is an open, permeable economy — not for nothing is it an international sanctions-busting centre for countries from Cuba to Israel, South Africa to Nicaragua. The PDF has a substantial cash flow from companies servicing the Canal; and Southcom and Canal employees have continued to be paid, and to inject cash into Panama.

At a basic cash-flow level the Government is subsisting, although damage to the economy has been severe and widespread. Tax income has been halved, unemployment has doubled to over 25 per cent — hitting skilled professionals more than workers in Panama's three-quarters service-based economy. The country is operating at barely 30 per cent of its capacity and about 40 per cent of private companies are thought to have been bankrupted.

Virtually all bankers believe the 125-bank offshore financial centre is finished. Mr Ricaurte Vazquez, the Planning Minister sacked to make way for a more leftish economic team last month, then calculated a fall in growth of 10 per cent of GDP. A more realistic forecast now is over 20 per cent.

"We're paying a very big price as a society and as an economy," Mr Vazquez says, adding: "In justice, they [the US] owe us an indemnity for the damage they've done."

Hizbollah seize airport road

BY NORA BOUSTANY IN BEIRUT

IRANIAN-BACKED fighters of the Hizbollah extremist Shia militia spilled out of Beirut's southern suburbs and wrested control of the main airport road yesterday in defiance of Syrian troops, witnesses and security officials said.

Dressed in full combat gear with red, green and white Iranian flags draped around their chests, they charged into the highway and seized the adjacent Raml al Ali post held by Amal, the more moderate mainstream Shia movement, which had already lost much ground to its rival in its battle for control of the sector.

According to security officials, Syrian troops opened fire against the 30 militiamen, killing five of them. Syrian officers were not available for comment on or confirmation of the report.

A Lebanese Army soldier of the mainly Shia 6th Brigade said Amal militiamen guarding the airport road fled from their positions as the Hizbollah gunmen made their advance.

The extremist Shia fighters pushed through Amal and Syrian *lines along the strategic highway* commanding the entrance to the heart of Beirut from the south.

It was the first time during the week-long conflict that Hizbollah fighters had ventured outside their expanded strongholds along Beirut's southern fringe. They have ousted Amal from about 80 per cent of the sprawling suburbs south of Beirut.

Security officials said Hizbollah forces had gone through the area ripping down the Lebanese flag from official buildings and replacing them with the Iranian flag.

A cease-fire arranged through Syrian and Iranian mediation at presidential level on Thursday collapsed as renewed fighting engulfed the Chia and Ghobeiry areas where Amal is making its last stand on the western fringes of the southern suburbs.

Initially, Hizbollah's aim was *to establish a stronger foothold in the vicinity of Beirut following* its defeat by Amal in the south last month. The latest thrust is its first challenge to the Syrian peace-keeping force in West Beirut.

The 7,000-strong Syrian force sent into West Beirut in February of last year kept clear of the southern suburbs where most of the foreign hostages held by Iranian-backed groups are believed to be held.

In another development, Mr Samir Geagea, the militant Christian leader who heads the Lebanese Forces, survived an apparent assassination attempt late on Thursday when a car loaded with 100kg of explosives blew up in the village of Mastita as his motorcade drove by.

Israelis quell Palestinian unrest

BY ANDREW WHITLEY IN JERUSALEM

AFTER MORE than five months of violent unrest, the Israeli military authorities appear to have regained solid control of the occupied West Bank and Gaza Strip, suffocating the Palestinian uprising with a skilfully applied mixture of containment and punishment tactics.

For the security forces and strike leaders alike, yesterday's Moslem prayers - the last Friday prayers of the holy month of Ramadan - at the Al Aqsa and Dome of the Rock mosques in Jerusalem were to be a trial of strength.

Adding force to the already inflamed feelings on the Arab side was the 40th anniversary this weekend of the political extinction of old Palestine.

It was no contest. The army blocked off all the roads to Jerusalem from the West Bank, and sealed off the Gaza Strip, severely limiting the number of worshippers able to enter the huge Haram es-Sharif compound in the Old City. Large numbers of police were on hand to forestall any demonstrations.

As many as 100,000 worshippers had been expected to show up. But, according to the police, only about 13,000 were present when the Imam, the prayer leader, called the crowd to order on the stroke on noon with the first cry of "God is Great".

Snipers from a special anti-terrorist unit were perched on rooftops around the compound, and an observation helicopter circled constantly overhead during the 80-minute service. Bus-loads of tough paramilitary border police waited nearby in reserve.

They were not needed. Whether from exhaustion or the arrest of many of their number in recent weeks, the expected demonstration organised by a group of young militants as soon as the prayers ended, had a predictable air to it, lacking fire and passion.

Watched by groups of older people sitting in the shade, about 1,000 young men and women paraded between the two big mosques chanting "PLO, Israel No", and waving banned PLO flags. As the ritual followed its course, Israeli and US flags were burned.

That was the signal for which Police Commissioner David Krauss was waiting. In charged the border police, swinging their batons and firing rubber bullets. An hour and a half later, it was all over. Thirteen Arabs and three policemen had been injured, and about 20 people arrested.

Angolan talks still on rails

By Anthony Robinson in Johannesburg

THE search for a negotiated settlement to the Angolan civil war and Namibian independence appears to be still on the rails following "cordial" bilateral talks between South Africa and Angola in Brazzaville yesterday.

Mr Pik Botha, South Africa's Foreign Minister, whose high-powered delegation included General Magnus Malan, Defence Minister, suggested the two sides might meet again "within weeks rather than months" for the second round of four-way talks, agreed on at the ice-breaking London meeting last week, in which both Cuba and the US also took part.

The meeting between the two main African protagonists in a war complicated by great power rivalry lasted less than four hours.

Mr Botha said both sides discussed "delicate" bilateral issues "in a spirit of mutual understanding". The two governments he added, agreed that "there can be no military solution to the problems of our continent".

Angola's delegation was headed by Mr Fernando Van-Dunem, the Justice Minister, and included Major-General Roberto Monteiro, the country's deputy armed forces Chief of Staff.

Mr Van-Dunem said: "We found out today what we all wanted. We clarified our positions".

Each side, he said, had made clear its stance a and desire to see, in Mr Botha's words, a solution which "restored peace, stability and prosperity to our region."

Mr Botha said he had "no illusions as to the complexity of the matters addressed." But he added: "There is a willingness on the part of the two governments to address the issues."

Yugoslav PM faces vote of confidence

BY ALEKSANDAR LEBL IN BELGRADE

MR BRANKO MIKULIC, the *Yugoslav Prime Minister, faces a* vote of confidence in the federal Parliament tomorrow.

Though he is confident of victory, the mere fact of the vote is a heavy blow to his prestige. He is the first Yugoslav premier even to be subject to the procedure, and two constituent republics, Slovenia and Croatia, the most developed in Yugoslavia, have instructed their representatives in the Parliament to vote against him.

Mr Mikulic has signalled his intention to continue in his post by pursuing preparations to go this month to Japan.

Discussions in parliamentary committees have shown that MPs from four out of six republics and the two autonomous provinces are unwilling to topple the Government at the moment, *although many of them have* been critical of its handling of the economic crisis.

A contributing factor may be that they are reluctant to do so at a time when the stand-by arrangement with the International Monetary Fund should come into effect, feeling that a government crisis may delay it.

Mr Mikulic has announced that if he survives the vote of confidence he is going to reshuffle his cabinet.

Earlier this week, he slightly streamlined it but the only personal changes after parliamentary approval will be the new Secretary of Defence, General Veljko Kadijevic, and the new president of the federal committee for war veterans, Mr Milan Seslija.

Ursus workers to pursue legal action on demands

BY CHRISTOPHER BOBINSKI IN WARSAW

WORKERS at the Ursus tractor factory just outside Warsaw, the scene of a short stoppage on Monday, are turning to legal means backed by the threat of further industrial action to pursue their demands in the wake of the collapse of the nine-day strike in the Lenin Shipyard in Gdansk earlier this week.

Strike leaders at Ursus on Thursday asked the plant's self-management council to call a referendum to test support for their demands after two days of talks in which management charged that the strikers did not represent the views of the 16,000 workers at the factory.

The fact of the talks shows that management has been taking the threat of action seriously.

On Monday, activists at the plant say four-fifths of the workers took part in the stoppage.

Apart from demands for pay increases and improvements in safety conditions at the plant, the shop-floor negotiators want management to support their petition to the authorities to allow the existence of more than one union in a factory, in effect the return of Solidarity, the banned trade union, and for the legalisation of the NZS independent students' organisation.

The council is expected to call the referendum at its next meeting on May 23 — and a majority for the strikers' demands, including the political issues, would mark a serious reverse for the authorities.

Rise in US producer prices slows in April

By Anthony Harris in Washington

THE RISE IN US producer prices slowed last month to 0.4 per cent from 0.6 per cent, the Government said yesterday. Excluding the volatile food and energy groups, the rise was only 0.1 per cent.

The index as a whole now stands only 1.7 per cent above its level a year ago, and has been rising at a 2.9 per cent annual rate in the first four months of this year. These figures are well below the concurrent increase in the consumer price index.

The Department of Commerce also yesterday reported a sharp acceleration in US business sales in March, led by durable manufactures with a rise of 3 per cent over the revised figure for the previous month and 9.2 per cent over March 1987. Nondurables, which have been weak for some months, recovered with a 1.6 per cent increase on the month, up 7.1 per cent over the 1987 figure.

Retail sales rose 2 per cent in the month, but this figure is thought to be misleadingly high because of the timing of Easter. Inventories were almost unchanged, and it appears that exports are the strongest driving force in the general sales increase.

Taiwan frees airliner

The Taiwan government has released a hijacked Chinese airliner along with 116 passengers and crew members just hours after the flight touched down in Taiwan on Thursday evening, writes Robert King in Taipei.

Taipei's swift return of the aircraft brought an unusually warm telegram from Peking thanking Taiwan for its co-operation — and making no mention of an earlier demand that the hijackers be returned too.

China goods controls

China is introducing tough controls on the production of consumer goods, as overproduction and the brand-consciousness of ordinary Chinese have left millions of poor quality bicycles and washing machines in warehouses, writes Robert Thomson in Peking.

The Ministry of Light Industry said yesterday that new factories for 11 products, ranging from clocks to electric organs, must be approved by the ministry.

US looking for bases

The US is looking at the Pacific island of Guam, South Korea and possibly Singapore as potential alternatives to its military bases in the Philippines, Admiral Ronald Hays, commander in chief of US Pacific forces, was quoted as saying yesterday, reports Chris Sherwell in Sydney.

Speaking at a press conference in Canberra, he acknowledged that the process of renegotiating the US leases on Clark air base and Subic naval base was proving more difficult than he had anticipated, and confirmed he was studying alternatives.

Arms sale curbs

The US Senate yesterday reacted to the Chinese sale of a medium-range missile to Saudi Arabia by imposing a new condition on the sale of US weapons to the kingdom, Reuter reports from Washington.

The Senate said that before the US could sell arms to Saudi Arabia "or to any other nation which has procured CSS-2 Chinese-made missiles", the president had to certify to Congress that the purchasing country "does not have chemical, biological or nuclear warheads for such missiles".

Surinam aid dispute

The Netherlands and Surinam have failed to agree on the details of a Fl1.6bn (£450m) aid programme being resumed for the economically battered former Dutch colony, Laura Raun reports from Amsterdam.

During occasionally strained negotiations this week Mr Piet Bukman, Dutch Minister for Development Aid, offered Fl 30m (£8.5m) over coming months to get the tiny South American country back on its feet. But the new civilian government demanded 500m Surinamese guilders (£150m).

A second round of talks will be held in July in Paramaribo in an effort to bridge the wide differences, Mr Bukman explained yesterday.

Bonn eases way for INF treaty

BY WILLIAM DULLFORCE IN GENEVA

THE WEST GERMAN Government agreed this week that the US could tell the Soviet Union the number and location of German-owned Pershing 1A missiles held in the US, in order to settle one of the issues blocking ratification of the Intermediate-range Nuclear Forces (INF) treaty.

But Bonn did not change its position that its Pershings are not included in the bilateral US-Soviet treaty and will be destroyed only at the end of the three-year period set for scrapping the US and Soviet missiles.

US officials obtained Bonn's permission to pass on the information to the Soviet Union during the talks here between Mr George Shultz, US Secretary of State, and Mr Eduard Shevardnadze, Soviet Foreign Minister.

West Germany is understood to keep between 15 and 20 Pershing 1A missiles in the US. They are used for training and to provide spare parts for the 72 missiles deployed in West Germany with warheads under US control.

Soviet officials had claimed that the West German Pershings in the US were covered by the INF destruction schedule but appear to have been satisfied with disclosure of their number and location.

A wrangle between US and Soviet experts over another technical issue raised by the US Senate lasted into the small hours yesterday, well after Mr Shultz had announced agreement on all the problems preventing ratification of the INF treaty.

US negotiators obtained a settlement just before Mr Shultz's departure for Brussels only by agreeing to increase by 66 centimetres the size of the containers not subject to US inspection at the Soviet missile assembly plant at Votkinsk.

This was one of nine items concerning verification of the treaty that the US Senate wanted clarified before it debated ratification. The other eight - all settled according to Mr Shultz - were:

- the size of the containers into which US inspectors could look during on-site inspections;
- the US right to inspect anything inside designated site boundaries: the Soviets had wanted to exclude certain buildings;
- US inspectors' right to use cameras, radiation detection devices and scales;
- details of how the weights and dimensions of Soviet SS20 missiles are to be verified;
- ways of confirming that a missile under destruction is of the type named;
- corrections to the lengths of the stages in Soviet SS12 and SS23 missiles provided by Moscow;
- the absence of front sections from missiles in pictures provided by the Soviet Union;
- specification of transit points at which missiles can be checked when being moved from their deployment positions to the destruction sites.

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OVERSEAS NEWS

It has taken three years and a rare admission of mistakes for Gorbachev to bring about tomorrow's withdrawal

Soviet families sigh with relief as troops leave Afghanistan

A Soviet soldier waits for the pull-out to begin

By CATHERINE McELHINNEY in MOSCOW

AS SOVIET tanks start trundling home tomorrow, leaving the treacherous mountains of Afghanistan far behind, the Kremlin decision to withdraw will be welcomed not only internationally but by thousands of Soviet families whose lives have been touched by the eight-and-a-half-year war.

The withdrawal of an estimated 115,000 Soviet troops over the next nine months has not been arrived at easily. While it appears that Mr Mikhail Gorbachev, the Soviet leader, resolved on ending the occupation soon after coming to power in 1985, it has taken him three years and a rare admission of Soviet mistakes to bring it about.

The Kremlin's embarrassment at admitting defeat will, however, be mitigated by benefits such as the timing of the withdrawal just two weeks before President Reagan's arrival in the Soviet capital for the fourth superpower summit.

The Soviet withdrawal will remove one of the main disputes between Moscow and Washington, creating a much more favourable atmosphere in which to negotiate other agreements. The decision to pull out of Afghanistan will also ease tensions with other countries, particularly China, which has raised Afghanistan as an obstacle in responding to Soviet overtures over the past two years – although China was one of the countries privately urging Pakistan not to sign the accords covering the withdrawal negotiated in Geneva last month.

While the defeat in Afghanistan – the first time Soviet troops have lost a war since a 1921 attempt to conquer Poland – must be a blow to national ego, the withdrawal will also have its domestic benefits for Mr Gorbachev.

Soon after coming to power, he referred to the situation in Afghanistan as a "bleeding wound" for his country. Although the Soviet Union has issued no casualty figures since the occupation in December, 1979, an estimated 15,000 Soviet soldiers have lost their lives.

Nor is it known how many Soviet troops have served in Afghanistan, though Western estimates are between half and three quarters of a million. This total, while small in comparison with the number of American soldiers in Vietnam, is still big enough to create problems, with a large number of veterans now trying to resume normal civilian life in the Soviet Union.

Despite the high-profile treatment of the withdrawal in order for the Soviet Union to gain maximum propaganda benefit, up to now returning veterans have received little praise on their return home. Their war to a large extent went unreported.

A decorated veteran, Nikolai Fotiyev, described to the youth weekly Sovremennik how Soviet television reporters would sham the heat of battle by ordering exhausted soldiers returning from a real raid to fire a volley before the camera.

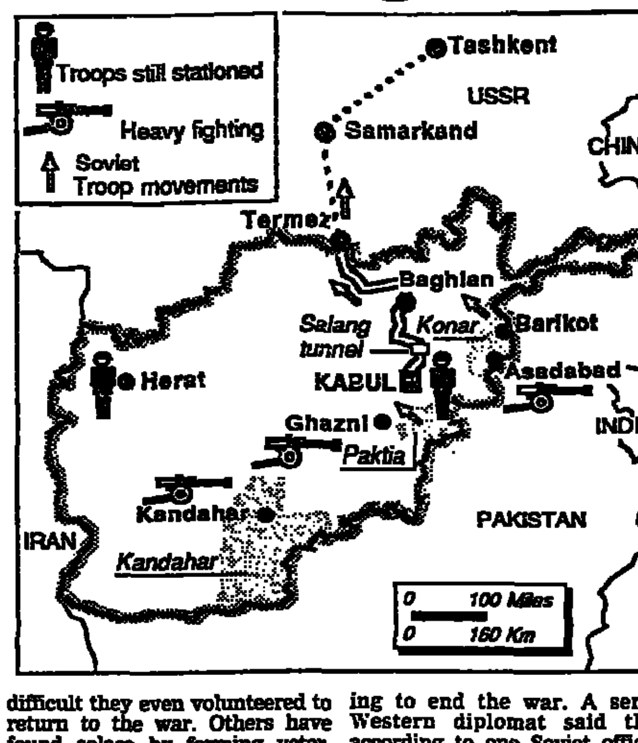
The commentator would climb atop the armoured personnel carrier and exclaim into his microphone: "Do you hear the firing?" Fotiyev said, adding that he and his fellow-soldiers dreamed of the day "someone will tell the truth about our tribulations".

Mr Gorbachev's desire to withdraw and his policy of glasnost (openness) has helped in recent months to lift the veil of secrecy about events in Afghanistan. Last December, Soviet television audiences were shown action-packed scenes of the siege of Khost, and a week ago the Soviet media reported the death of an Izvestia photographer – another first.

But even now, on the eve of the withdrawal, open acknowledgement of sacrifices made by Soviet soldiers sent from every corner of the country is hesitant and slow. Veterans feel they are misunderstood and unappreciated.

Some found readjustment so difficult they even volunteered to return to the war. Others have found solace by forming veterans' clubs across the country.

Only now is it beginning to emerge that behind-the-scenes public pressure had been mounting to end the war. A senior Western diplomat said that, according to one Soviet official, three quarters of the letters to the government newspaper Izvestia last year concerned Afghanistan – the majority from mothers distraught about their sons.



Bereaved parents are also indignant about the secrecy surrounding their sons' deaths. It is forbidden to name the place of death on graves of the war dead. Obituaries in local newspapers avoided saying how or where soldiers died.

"You might think my son was killed during a drinking bout," one parent, M. Dzhangirov, said in a letter to Pravda. "Why can we not write he was killed discharging his international duties in Afghanistan? What are we ashamed of?"

The answer to that appears to be that the Kremlin is ashamed of the blunder that Mr Gorbachev is now trying to consign to history.

The old men who ruled the Soviet Union in 1979 – President Leonid Brezhnev and his associates – badly miscalculated. Although they probably did not aid the original leftist coup of 1978 that started the Afghan civil war, they apparently felt they could not bear to see their friends driven from power.

Now, thousands of dead later, the Soviet press is openly admitting that the belief Afghanistan was about to turn into another communist state was grossly naive.

Deforestation is just one legacy of Moscow's own 'Vietnam'

Increase in blood-letting likely

By CHRISTINE LAMB, recently in Jaji, Afghanistan

TO WESTERN observers, the Soviet withdrawal from Afghanistan marks a watershed. To the Afghans, it is seen at best as the beginning of the end of the war.

En route into the country, every available surface is covered with posters or graffiti denouncing the Geneva accord as a "conspiracy of the superpowers". The resistance fears that if the Russians go, the West will lose interest in Afghanistan and arms supplies will dry up. In preparation for such a day, the passes are choked with camel convoys and trucks laden with arms to be stockpiled at border towns.

Few can seriously doubt that the Russians are moving. Over the past three weeks, seven garrison posts in border areas in the east and south-west have been abandoned.

In each case, before leaving, the Russians have done their best to make the posts unusable for the resistance, airlifting out troops and artillery, then bombing the area.

The biggest surprise was the news that they had left Barikot, an important garrison position in north-east Afghanistan blocking infiltration through the eastern province of Kunar which the Mujahideen had been unable to penetrate.

A fleet of helicopters airlifted out the 800 Afghan troops and 12 Soviet advisers stationed there. The town was left in ruins, housing and arms dumps demolished. Only a few trucks and shell casings were left, which some enterprising Afghans quickly took across the border to sell for scrap metal.

An old man who had witnessed the evacuation from a nearby field told me how when the last helicopter had disappeared, refugees from a nearby camp rushed into the town to see what they could plunder. "People were falling over themselves to get in, then suddenly there was a big explosion." The streets had been mined and booby traps left in bags of flour. Thirty people were killed and several hundred injured.

The general pattern of withdrawal is a pull-back to the main bases from which final movement out of the country will begin tomorrow. Border posts have been abandoned first, purportedly to create a de-militarised zone to which refugees could return.

The first major withdrawal was expected to be from Herat, but instead, the Russians have started evacuating Jalalabad.

Air-lifting of heavy artillery has already begun, with night flights carrying tanks back to Kabul, while more than 300 trucks have arrived in the town to move equipment.

The main withdrawal route will be north from Kabul across the Hindu Kush through Khunduz or Mazar-i-sharif into Russia.

As they retreat across the treacherous mountains which have witnessed some of the war's deadliest ambushes, the Soviet columns are certain to be attacked by Commander Massoud's men, who control this area. They will be far from defenceless, probably retaining to the end their 30,000 crack helicopter assault troops and Spetsnaz special forces.

The heaviest fighting is in Ghazni, Kandahar and Arghastan. Kandahar, important because of its airport and strategic location on the road between Herat and Kabul, is expected to fall in the next month but only after the land has suffered immense devastation.

Throughout Afghanistan, irrigation systems, fields and livestock have been bombed and top soil blown away. The scale of deforestation is horrifying. Before the war 90 per cent of Afghans depended on the land for their livelihood. Now it could support only a fraction of the population.

Farooq Khalif, a farmer in Ghazni, said: "We get less than a quarter of what we produced before the fighting. There's not enough irrigation because the channels have been destroyed and there are no young people left to repair them."

The scale of bombing forced many Afghans, unwilling to leave their country, to move to safer areas. Some 1.5m fled to inhospitable valleys and high mountains where they live in caves, subsisting on scant pasture and meagre fuel, terrorised by bands of orphans who eke a living by begging and stealing.

The Afghans are fed up with being treated as a square on the superpowers' chessboard. Their desire to be left alone to fight it out among themselves may have been granted, but a sharp increase in bloodshed looks inevitable.

Winston Churchill once said of Afghanistan: "Every rock, every hill has its story." The past 10 years of fighting have left the country with many tales it would rather not have to tell and with perhaps still worse to come.

Merchants are selling up, ready to return to their homeland

Pressure grows on refugees to quit

By CHRISTINE LAMB in PESHAWAR

THE frontier town of Peshawar is said to be the cheapest place in the world to buy an Afghan rug at the moment as carpet salesmen liquidate their stock in preparation for a return to their homeland.

"I want to be ready to go back any time of day or night as soon as there is peace," explains the owner of one shop in Saddar Bazaar where carpets hand woven with Kalashnikov designs are available at bargain prices.

Most Afghan refugees, however, believe that in spite of the Soviet withdrawal of its 115,000 occupation troops which begins tomorrow, it will be a long time before the Soviet-backed government and the capital, Kabul, fall.

It is also not clear whether a civil war will develop between competing Mujahideen resistance groups, each wanting the upper hand in the new power structure. Meanwhile, the refugees have no intention of going home. "Of course we want to go back but not until there is complete Islamic government," says Shah Mohammed, a refugee who has spent six years in Pakistan.

However, there is mounting pressure within Pakistan that the refugees should start to leave. There are more than 3m in Pakistan (and 2m more in Iran) and although President Zia's government has coped with one of the world's largest population influxes of recent times, they have been a strain on food and aid resources.

In addition, a growing number of Pakistanis question whether the huge refugee population is not the cause of mounting terrorism, including frequent bomb blasts in the frontier town of Peshawar.

"To start with, people just grumbled, but now we keep hearing about Geneva and various offers by the Kabul regime. We feel they should go back," said Rahimullah Yusufzai, a local journalist.

In response to both public opinion and pressure on its coffers, Pakistan has refused to register any more refugees during the past six months. Consequently the North-West Frontier is full of refugees unable to claim rations and forced to sleep on the streets and beg or set up food barrows undercutting the locals in order to survive.

The problems of registration have caused much anger among the Afghans, who expect their Pakistani brothers to share what bread they have. Maqbool Shah Roghani, the district administrator for Afghan refugees, has a constant stream of Afghans at his door and is shadowed everywhere by a Kalashnikov-wielding bodyguard.

In a further effort to encourage the registered refugees to wend their way homeward, representatives of the UN High Commissioner for Refugees have cut down their rations. They can no longer claim monthly allowances of £1.50 or luxury items such as sugar and tea.

Mr Roghani complains: "The UNHCR say the nutritional value of these things do not justify the cost, but I feel this is just an excuse. The next thing to go will be vegetable oil, hardly a luxury. I can foresee aid being cut drastically. Once the Soviets have gone, UNHCR will no longer be interested."

However, there is another factor which may account for the reluctance of some refugees to contemplate leaving. Living standards are higher in the camps than in many of the war-devastated villages of Afghanistan. Most refugees at Jalolai Camp just outside Peshawar seem set to stay.

They may be living in mud huts but inside they have air conditioning and electric lights, an unknown luxury for the majority in Afghanistan. The camp has four wells, and schools. The houses have lavatories. Everywhere, the Afghans' obsession for gadgetry is evident.

Many refugees believe that the Soviet withdrawal, negotiated during six years of talks under UN auspices, is a fraud. Commander Kandari, scarred from previous bullet wounds, vows to fight another 100 years to bring down communism.

"The Russians are making fools of the whole world. They want to take over Afghanistan and Pakistan to reach the warm waters," he says.

"I can never forgive them for polluting our air with their planes and destroying our land. Just as in Hiroshima today, children are born with defects, so this will happen in Afghanistan."

The Pakistani Government is planning to give refugees three months-worth of seeds if they return home. But aid agencies claim that if thousands of refugees flood back to the devastated land, there will be mass starvation.

Indian commandos tighten siege of Golden Temple

BY JOHN ELLIOTT IN NEW DELHI

INDIAN commandos and para-military forces yesterday tightened their siege of the Sikhs' Golden Temple complex in Amritsar, which is a headquarters for extremists fighting for an independent country called Khalistan.

At least 17 extremists have been killed since the action started last Monday. One of them was shot yesterday when a group of six tried to escape from one of the temple's many exits into the old city of Amritsar, which is partly closed by a curfew.

Mr K.P. Gill, director-general of Punjab police, said yesterday that the 60 to 80 extremists in the temple would be given a chance to surrender. Mr Gill, who is in charge of the operation and was recently promoted director-general, is himself a Sikh.

He has had experience of fighting insurgency and terrorism in India's north-east states and wants to flush the extremists out of the temple without hurting Sikh sensitivities about their religion's most sacred shrine being violated by government forces.

The security forces' instruction is to shoot on sight any person seen carrying a gun inside the temple is still in force but the commandos and police are staying outside the most sacred area. Yesterday they gained control of a group of four-storey office buildings and other high structures within the temple complex but outside the inner area.

They have mounted sandbagged gun posts on top of the buildings which increase their ability to shoot terrorists hiding in cloisters and other structures surrounding the central Golden Temple shrine and a sacred rectangular pool.

Three major political parties yesterday issued statements in Amritsar supporting the security operation.

This is important because the Government wants a wide-based public expression of support for the action it is taking, in order to isolate the extremists before any final attack is launched.

The parties included the left-wing Communist Party of India and the right-wing Bharatiya Janata Party as well as Mr Rajiv Gandhi's ruling Congress (I).

Leaders of the Sikhs' own Akali Dal Party have opposed the action but their statements are not regarded as significant in political terms at this stage because they have little option but to condemn what is happening.

Mr Parkash Singh Badal, *a former chief minister of Punjab and* a prominent Akali politician, is leading a march to the temple today, which means he will almost certainly be arrested when he tries to enter the curfew zone.

Surplus on trade beats expectations

By Stefan Wagstyl in Tokyo

JAPAN'S trade surplus in April fell much less sharply than expected, prompting fears of fresh political friction between Japan and its trading partners. The seasonally-adjusted surplus in April was $6.35bn, according to figures published yesterday based on Japanese customs reports.

This is down on the $8.55bn recorded in March, but well above forecasts made by private economists which ranged as low as $4.9bn. "There's been no progress since December. It's very discouraging," said Mr Eric Rasmussen, an economist with stockbroker Jardine Fleming in Tokyo.

Imports in April were 31 per cent higher than in the same month last year at $15.7bn, while exports were 15 per cent up at $22.4bn. But on a seasonally-adjusted basis, there was little change in either figure, with exports 0.5 per cent up on March and imports 2.1 per cent higher. As a result the seasonally-adjusted surplus is virtually the same as last December's $6.36bn.

Economists were taken by surprise by the continuing strong demand for Japanese exports, especially of capital equipment. Exports of industrial machinery were 29.8 per cent higher than a year ago, including exports of pumps, up 83.7 per cent. Much of this equipment is being sold to Japanese companies building factories overseas. In electricals, increases in exports of components, often to newly-built Japanese plants, and in camcorders and telecommunication equipment outweighed falling shipments of videorecorders and televisions.

These increases in exports prompted the Economic Planning Agency, a government advisory body, to warn recently that the pace of decline in Japan's trade surplus was slowing. However, the Japanese Ministry of Finance yesterday took a positive view, saying that the trade surplus was likely to shrink in the months ahead.

Economists said the surplus would probably begin to shrink faster once the surge in capital investment petered out, possibly towards the end of the year.

TOKYO UNDER PRESSURE TO MODIFY PRO-ARAB STANCE

Japanese minister to visit Israel

BY IAN RODGER IN TOKYO

THE Japanese Foreign Minister, Mr Sosuke Uno, will make an unprecedented visit to Israel during a tour of Middle Eastern countries in late June.

He also hopes to meet Mr Yassir Arafat, leader of the Palestine Liberation Organisation (PLO), at some point during the tour, which will include Syria, Jordan and Egypt as well as Israel.

The trip, from June 22 to 27, is Japan's first direct intervention in attempts to resolve the Arab-Israeli conflict and is part of the Government's policy to take a greater role in dealing with international problems. It probably also reflects growing pressure on Japan to modify its pro-Arab stance on the Middle East.

The Government is understandably being modest about its goals. The Foreign Ministry would say only that the purpose was to "make further efforts to strengthen dialogue."

The Japanese media, which are normally responsive to government guidance in their coverage of foreign affairs, have reported the initiative in only the briefest terms. Israeli sources, on the other hand, saw the visit as "quite important". It would be the first visit by any Japanese minister to Israel since the two countries established diplomatic relations in 1953.

They also said that Japan could well be helpful in resolving the Middle East conflict because it had both the funds and a strong motive for financing a big reconstruction effort in the region. Japan, which is totally dependent on imports for its oil supply, has long been strongly supportive of the Arab side in the Middle East conflict and of the PLO in particular.

It has kept its relations with Israel on a low level and has often been strongly critical of Israeli actions. Japanese trade with Israel is modest; exports amounted to only $346m (£183m) last year. Most Japanese manufacturers have eschewed exporting to Israel for fear of arousing

Sosuke Uno: Hopes to meet PLO leader

Arab anger and being banned from the much larger markets of the Arab countries, where Japanese exports amounted to nearly $9bn last year.

Last autumn, there was an exchange of trade delegations between the two countries for the first time in more than a decade, and bilateral trade, while modest, has been growing rapidly. Exports rose 26 per cent last year after a 61 per cent rise the previous year. Imports from Israel last year rose 49 per cent to $481.2m.

One reason for the change in Japan's stance towards Israel is that US criticism of Japanese policy has become more strident. Resolutions have been added to recent US congressional trade bills demanding an increase in Japan-Israel trade and US administration officials have expressed the same sentiment in meetings with Japanese leaders.

Many Americans have also been shocked by the publication and popularity of two anti-Semitic tracts that appeared in Japan early last year. The books, If You Understand the Jews, You *Will Understand Japan* and *If* You Understand the Jews, You Will Understand the World, claimed that the rise of the yen was a Jewish conspiracy to weaken Japan.

India, Sri Lanka ministers to discuss peace force pull-out

BY MERVYN DE SILVA IN COLOMBO

A TIMETABLE for the pull-out of Indian troops from Sri Lanka will be the main item in talks next week when India's Defence Minister, Mr KC Pant, visits the island, Sri Lanka's Lands Minister, Mr Gamini Dissanayake, said yesterday.

Mr Dissanayake returned to Colombo on Wednesday after discussions in Delhi with Prime Minister Rajiv Gandhi, defence and foreign ministry officials and the Indian commanders in charge of the 70,000-strong Indian peace-keeping force in the island's predominantly Tamil north and east.

The peace-keeping force, Mr Dissanayake said, was now in absolute control of the north, where life was returning to normal, and the civil administration working fairly smoothly. There was "peripheral violence" in the ethnically-mixed east but the Indian authorities believe that the long-delayed provincial polls in these two provinces could be held by July.

"Violence marred the recent polls in four of our provinces but nobody is questioning the result, though the turn-out was low", he observed, adding: "What is important is that democratic processes are being restored in relatively peaceful conditions".

Since polls will be held in the Colombo district in the western province on June 2 and in the violence-torn southern province on June ninth 9, it is clear that President Jayawardene is keen to hold the polls in the Tamil north and east, and then persuade Mr. Gandhi to start withdrawing troops as soon as possible.

A gradual pull-out will blunt *the propagandist attack of former* Prime Minister Mrs. Bandaranaike, the Buddhist clergy and the extremist JVP, which is conducting a daring terrorist campaign in the south.

They are all using the provocative presence of Indian troops to brand Mr Jayewardene as a "traitor". *Presidential elections have* to be held by December.

Meanwhile, the general secretary of the JVP today repudiated the "government-JVP agreement" announced by theNational Security Minister, Mr. Athulathmudali on Tuesday. The JVP would continue the struggle against the "illegal, treacherous government" until its 14 demands were met, he said.

One of the demands is the abrogation of the Indo-Sri Lanka peace accord. The JVP rejection is a major set-back to Mr. Athulathmudali, the chief rival of Mr. *Dissanayake, as a successor to* President Jayewardene.

Minister quits in World War Two row

BY CARLA RAPOPORT IN TOKYO

A JAPANESE cabinet minister resigned yesterday after consistent public refusals to retract his assertions that Japan was not an aggressor nation in World War Two.

Last night's resignation of Mr Seisuke Okuno, 75, director-general of the National Land Agency, has caused acute embarrassment to Prime Minister Noburo Takeshita at a time when he is aiming to enhance Japan's *role in the world political arena.*

The controversy broke out three weeks ago following Mr Okuno's visit to Japan's Yasukuni Shrine, which commemorates the nation's war dead, including some military leaders executed as war criminals following World War Two. At that time, he said: "Japan fought the war in order to secure its safety. The white race had turned Asia into a colony. Japan was by no means a nation of aggression."

In the days that followed, despite bitter protests from opposition parties and Chinese and *South Korean officials, Mr Okuno* refused to apologise or retract his comments. Instead, he blamed the mass media for creating his problems. The Japanese people, he said, should feel free to speak their minds and not be cowed by the Chinese Government or other foreign leaders.

Only this week, Mr Okuno told the Japanese Diet that the Sino-Japanese war, in which millions lost their lives, started "accidentally".

From the beginning, although the Japanese Government tried to distance itself from the turmoil, it did not move swiftly to solve the Okuno problem. By contrast, Prime Minister Yasuhiro Nakasone fired Education Minister Masayoki Fujio almost instantly for questioning Japan's war record in China and Korea in a magazine interview in 1986.

Mr Takeshita, an old-style back-room negotiator, was hoping to extract an apology from the irascible Mr Okuno, rather than force his dismissal. His failure to achieve that goal must be seen as a blow to his standing with both his own party and the opposition, whose support he

Noburo Takeshita: Hoping for an apology

needs if he is to achieve his goal of pushing through a sweeping reform of Japan's tax system during his tenure.

Although Mr Okuno's views represent only an extreme end of Japanese feelings about the last war, it is true that most Japanese still believe that they were among the victims of World War Two. This is because of the saturation bombing of Japanese cities and the atomic attacks on Hiroshima and Nagasaki which reduced most of Japan to rubble, and the US occupation which following the war. Unlike West Germans in recent years, the Japanese have not dwelt on the study of their role in the last war.

Indeed, over the past few years, there have been a number of cases in which Japanese leaders, education officials and others have attempted to play down Japan's record of atrocities and aggression in World War Two. The Japanese version of The Last Emperor, the award-winning story of China's last monarch, for example, excluded some of the footage of the Nanking massacre.

As Mr Takeshita is currently seeking a stronger role for Japan in international affairs, particularly in Asia, it is believed that he will have to work even harder to overcome the stigma of the Okuno affair both at home and abroad.

Austin Rover to take control of US distributor

BY KEVIN DONE, MOTOR INDUSTRY CORRESPONDENT

AUSTIN ROVER is to take complete control of Austin Rover Cars of North America (Arcona), the US importer and distributor established in 1985 for the introduction of its *top-of-the-range* Sterling executive saloon.

Austin Rover originally held 49 per cent of Arcona, with the majority 51 per cent owned by Norman Braman Enterprises, led by Mr Norman Braman, a Miami businessman and one of America's most successful car dealers.

Mr Les Wharton, Austin Rover managing director, said the group wanted a "consistent management strategy" for all its major overseas operations.

Arcona was Austin Rover's only part-owned foreign sales operation.

In its other major foreign markets, including France, Italy, Spain and Japan, marketing and sales operations are carried out by wholly-owned subsidiaries.

The return last year to the US market, which it left in 1980, was a vital step for Austin Rover, as it has sought to repair its badly battered fortunes in foreign markets and recover some its lost export volumes.

The Sterling, the top of the range of Rover 800 saloons developed jointly by the UK car maker with Honda of Japan, was launched in the US in February last year.

Les Wharton: seeking a consistent strategy

Austin Rover claims to have been satisfied with the progress achieved last year with sales of just over 14,000 units but sales have been far lower than the original predictions made by Mr Braman, who in late 1986 forecast sales for last year of 27,000 cars in the US.

Sales of the Sterling have also plummetted in the last two months against the background of a fierce sales battle in the luxury imported executive cars sector.

Sales of the Sterling fell to only 937 units in March from 1,535 in the same month a year ago, while in April sales fell to less than a third of the previous year's level at 546 units from 1,621.

Allied Distillers to shed 255 jobs in whisky plants

BY LISA WOOD

A TOTAL of 255 jobs will be lost in Dumbarton, near Glasgow, when Allied Distillers rationalises its Scottish blending and bottling plants.

Earlier this year, Allied Distillers brought together all the Scotch whisky interests of Allied-Lyons. It said yesterday it had reviewed operations with the aim of reducing costs by eliminating spare capacity and increasing efficiency.

It had decided to integrate operations, although the independent management of the sales and marketing functions of the Ballantine and Teacher brands would be preserved.

Allied Distillers has five blending and bottling plants in Scotland. Operations will be concentrated at three plants, and much bottling now done overseas will be transferred to them. Two of the plants are in Dumbarton and one is in Dundee.

Allied Distillers brings together William Teacher, Stewart & Son, George Ballantine and Hiram Walker. The latter two businesses were acquired by Allied-Lyons when it bought Hiram Walker, the Canadian-based drinks group.

There will be some rationalisation of the group's headquarters with the London office of George Ballantine transferring to Dumbarton.

Allied Distillers' rationalisation of its production is in line with action taken by other distillers, notably Guinness.

Record surplus for Liffe

BY STEPHEN FIDLER

THE LONDON International Financial Futures Exchange showed a record surplus of £1.94m last year, according to the exchange's annual report.

This surplus, which compares with the 1986 surplus of £549,814, allowed the exchange to reduce its deficit from £2.67m to £735,002. Turnover rose from £7.8m to £11.5m and members received a rebate of fees totalling £500,000.

Volume on the exchange almost doubled last year, with 13.6m contracts changing hands, compared with 6.95m in 1986. Of these, the number of options contracts traded rose from 479,789 to 1.17m.

● The Chicago Mercantile Exchange said it had been confirmed as a designated exchange by the Securities and Investment Board under the terms of the Financial Services Act.

Courtaulds closes mill with loss of 200 jobs

By Alice Rawsthorn

COURTAULDS, the textile and chemicals group, is closing one of its spinning mills with the loss of 200 jobs because of the depressed state of the acrylic spinning sector.

The mill, at Bramley, near Leeds, spins acrylic yarn chiefly for the knitwear manufacturers of the East Midlands. Part of its production will be transferred to Courtaulds' second acrylic plant, at Worksop, Nottinghamshire.

Courtaulds has begun discussions with the trade unions about the closure. As production at Bramley is wound down, the output of the Worksop mill will be increased. This will eventually add 40 or 50 new employees to the workforce of 150 people.

In recent months, the acrylic spinning sector, which is concentrated in Yorkshire, has suffered from a severe downturn in demand. This is partly due to the depressed state of the East Midlands knitwear industry and partly to a surge in imports of low-cost yarn from Turkey and Mexico.

Most of the companies in the acrylic sector have, like Courtaulds, been forced to resort to emergency cost cutting. The two Courtaulds mills have been on short-time working since Easter. However, the market has since deteriorated.

Mr Martin Taylor, managing director of Courtaulds Textiles, said it had been left with too much spinning capacity and had no option but to reduce overheads by closing the Bramley plant.

The Courtaulds mill is the second acrylic spinning plant to close in recent weeks. Last month, Lister, the Bradford-based textile group, announced the closure of one of its mills.

Tax breaks move 'will raise £800m'

By Peter Riddell, Political Editor

THE GOVERNMENT'S move to eliminate or reduce tax breaks will produce more than £800m of additional revenue in the changes' first full year of effect, according to Treasury figures.

This estimate for 1989-90 has been prepared and highlighted by Mr Norman Lamont, the Financial Secretary to the Treasury, to answer opposition criticism that the Budget's tax changes will only benefit the better-off. Ministers are keen to stress that the reduction in higher rates of income tax has permitted a cut in tax breaks.

The main tax breaks eliminated or reduced in this year's finance bill are the forestry tax shelter, tax relief for non-charitable covenants, home improvement loans and company car scales.

Mr Lamont told MPs that if, in addition, changes in the tax treatment of business entertainment, life assurance premium relief and the alterations made to align capital gains and income tax were taken into account, the combined revenues would amount to more than £800m in 1989-90.

The biggest change is in car benefit scales, where £310m is expected to be raised in 1989-90 as a result of cutting this fringe benefit.

The abolition of tax relief on home improvement loans is likely to contribute an extra £200m, while the abolition of relief on new non-charitable covenants is expected to produce £105m.

Two jailed over £250,000 fraud against JMB

TWO BUSINESSMEN were jailed yesterday for "a gigantic swindle" against Johnson Matthey Bankers.

In the first case brought against customers of JMB, which had to be rescued by the Bank of England in 1984 after incurring multi-million pound losses, Mr Umed Goleecha and Mr Rajendra Choraria were convicted at the Old Bailey of conspiracy to falsely account.

Mr Goleecha, 49, of Birch Lane, Purley, Surrey, who has debts of more than £8m, was jailed for three years.

Mr Justice Rougier told him: "Here was a web of cheating and dishonesty with you as the spider in the middle: you corrupted Choraria, a younger man."

Mr Choraria, 29, of Wildwood Way, Golders Green, London, was jailed for 18 months.

During the month-long trial, the jury heard that the swindle lost the bank $500,000 (£265,000).

Det Chief Insp Charles Moffat said the two men were "rather remote" from the main fraudsters who brought about JMB's collapse.

David Lascelles on the association that is replacing the Accepting Houses Committee

City lobby group aims to regain influence

A SMALL piece of City history was made this week when invitations were sent out to prospective members of the newly-formed British Merchant Banking and Securities Houses Association.

The BMBA, as it will be known, replaces the Accepting Houses Committee which has represented the City's top merchant banks ever since they got together in 1914 to protect their interests on the outbreak of the First World War. Although it never had any rules or constitution, the AHC was a formidable and exclusive body in its heyday, with its 30 members representing the City's great and good and powerful.

However, the influx of foreign investment banks in the last two decades and the upheavals caused by Big Bang in 1986 reduced its ranks to a mere 16, many of which counted for little in a world of 24-hour trading and multi-billion dollar balance sheets. The declining importance of the acceptance business and the ending of AHC members' special links with the Bank of England had also robbed it of much of its mystique, making its demise inevitable.

The BMBA will have to tread a delicate political path as it tries to establish itself in the AHC's place. Its members will be large and varied. Some of them will not be banks at all, or even British, something that the AHC never permitted.

The association will inherit the AHC's legacy: its staff, its contacts and its body of expertise. However, in all other respects it will be a wholly new organisation that will abandon the AHC's modest premises in Cannon Street for the grandeur of a period town house off Old Jewry and have an annual budget of £1.5m.

Mr Robin Hutton, the director-general, expects the new membership to number about 80, of which well over half will be foreign. The British would naturally like to keep control of the association, but this will be impossible under the EC's proposed plans for a unified market. So members will be divided into two classes, EC and non-EC, and the association's governing body will have an in-built majority for EC members, although with a guaranteed minimum for the rest. All members will have the same voting power, but rule changes will have to be carried both by a majority of all members and a majority of EC members.

Evelyn de Rothschild: may be first chairman

Although this will prevent US and Japanese members from using sheer weight of numbers to force through changes, the BMBA believes the constitution is more open than those of comparable organisations in New York or Tokyo. The enrolment fee is £5,000 and the annual subscription £15,000.

A ticklish question is who is to be the first chairman. A possible candidate is the last chairman of the AHC, Mr Evelyn de Rothschild, the chairman of N.M. Rothschild, who is heading the BMBA temporarily until formal elections are held in June. However, there is a view within the merchant banking fraternity that his appointment might perpetuate the appearance of the AHC when the BMBA wants to gain the support of a much broader constituency of financial practitioners.

Mr de Rothschild himself says it is too early to know who will be chairman. "I shall be sounding out prospective members in the next few weeks," he says. The chairman will have to be approved by the Governor of the Bank of England.

The BMBA wants to become a more forceful lobby group than the AHC, which failed to make much impact with its objections to recent financial legislation like the Financial Services Act and the Banking Act. "We've got to regain our influence," says Mr Hutton.

The association will have committees on corporate finance, asset management, trading in securities as a principal and other aspects of merchant banking. Prospective members will have to show that they have been serious practitioners in at least two of these areas.

In the UK and Europe, most of these activities are handled by banks. But the criteria mean that BMBA membership will also be open to securities houses, including the investment banking giants from Wall Street and Tokyo.

Members will have to agree to be bound by the Takeover Code and accept the jurisdiction of the Takeover Panel, including not doing business with anyone the panel has censured.

Apart from ensuring good behaviour, this has the political aim of reinforcing the non-statutory nature of the panel and discouraging members from challenging it in court, as a US house recently did. The BMBA will have two seats on the panel.

In a wider sphere, the BMBA will also work with sister organisations abroad on international aspects of financial regulation. In the years ahead, the authorities of major financial countries will be moving towards supranational regulation of the investment banking business similar to that created for commercial banking by the Basle Committee, and the BMBA wants to ensure that the practitioner's voice gets heard.

Steel warns of 'testing' leadership contest

BY CHARLES HODGSON

MR PADDY ASHDOWN and Mr Alan Beith, the two front-runners for the leadership of the Social and Liberal Democrat party, began gearing up their campaigns yesterday amid warnings from Mr David Steel that they would face a "testing" election.

Mr Steel, who confirmed on Thursday that he would not be standing for the leadership of the SLD, warned that there was no automatic succession to the leadership.

He cast doubts on the results of a poll of SLD councillors that showed an overwhelming lead for Mr Paddy Ashdown, the MP for Yeovil, over Mr Alan Beith, MP for Berwick-upon-Tweed and the party's economics spokesman.

Speaking on BBC radio, Mr Steel, who has said he will not endorse any candidate, warned that the poll was carried out only among a very small section of the party.

He added that the majority of SLD members would wait for the forthcoming campaign before making up their minds.

Although formal declarations of candidacies will not be made *until June 1, Mr Ashdown and* Mr Beith have begun organising their campaign teams.

Alan Beith: 'not discouraged'

Paddy Ashdown: poll front-runner

Mr Tim Clement-Jones, a former Liberal Party chairman, is to manage the Ashdown campaign with Mr Geraint Howells, MP for Ceredigion and Pembroke North, heading Mr Beith's team.

Mr Ashdown will also have the backing of Mr Richard Holme, Mr Steel's long-time political strategist.

The poll of 803 SLD councillors carried out for ITV's This Week programme, gave Mr Ashdown 67 per cent support, compared with 10 per cent for Mr Beith. Mr Malcolm Bruce, the party's industry spokesman polled 6 per cent and Mr Robert Maclennan, joint interim SLD leader, only 1 per cent.

Mr Beith refused to be discouraged by the poll, saying that voters were still registering for the election.

An SLD official said Liberal councillors had "always as a body tended to be anti-Steel" and would therefore favour Mr Ashdown over Mr Beith, a long-time ally of Mr Steel.

The results of the election will be announced on July 28.

MPs fail to take vote on abortion bill

By John Mason

MR DAVID ALTON MP yesterday insisted he would keep up the pressure for the time limit on abortions to be reduced to 18 weeks – in spite of his Abortion (Amendment) Bill again failing to be voted on in the Commons.

After MPs spent all day debating a measure to compel children to wear seat belts in the rear of cars, Mr Alton, SLD MP for Mossley Hill, once more accused his opponents of using "beat the clock" tactics to talk out his bill.

Last Friday, the bill ran out of time when MPs reached the vital votes on setting the time limit.

Mr Alton said he would continue to press for a vote to be taken and urged Mr John Wakeham, the Leader of the House, to include it in Government time.

But Mr Wakeham again ruled out the possibility, telling the Commons it was not government practice.

Mr Alton is also considering whether a time-limit amendment could be added to two bills now in the Lords – the Health and Medicines Bill, which among other measures introduces charges for eye and dental checks, and a private member's bill to limit the abortion time limit to 24 weeks.

If the tactic succeeds, MPs would vote on the issue when the bills reach the Commons.

At the close of business yesterday, Mr Alton said: "We will be back with this bill every single day."

In angry scenes in the Commons, Sir Bernard Braine, Conservative MP for Castle Point, accused a minority of MPs of deliberately frustrating a possible vote.

"The will of the majority is being made a mockery," he said.

Earlier, Mr Cyril Smith, SLD MP for Rochdale, angered opponents of the bill when he accused them of using delaying tactics *while* debating the seat-belts issue.

He said some of the speakers "were people who believe in murder in the womb".

Mr Max Madden, Labour MP for Bradford West, said this was "grossly offensive."

Earlier, Mrs Teresa Gorman, Conservative MP for Billericay, had presented a petition opposing the Abortion Bill.

Mr Alton's bill stood little chance of being reached yesterday because it was third on the order paper.

MPs had spent five hours debating the Motor Vehicles (Wearing of Rear Seat Belts by Children) Bill before giving it a third reading, although the longest speech of one hour was made by an Alton supporter, Mr Gary Waller, Conservative MP for Keighley.

The bill, compelling children to wear seat belts where fitted in cars, was passed by a majority of 84 (90-6).

The second bill – the Environment and Safety Information Bill – passed all its Commons stages undebated.

Heath accuses Thatcher government of 'meanness'

BY CHARLES HODGSON

MR EDWARD HEATH, the former Conservative prime minister, last night condemned the Government for pursuing "divisive and unpopular" policies.

He accused it of "unnecessary meanness" which had left it open to charges of being uncaring.

Delivering the inaugural Harold Macmillan lecture at Trent Polytechnic in Nottingham, Mr Heath accused the Government of seeking progress through confrontation.

"The word consensus is an insult," Mr Heath said. "The current cry to battle . . . is 'never, never compromise'," he added, and called for a return to the "one nation" values prized by Macmillan.

Mr Heath praised the present Government for recreating economic growth, reducing taxation and reforming trade unions. He added, however, that it would "crown these achievements with disaster if it persists in the application of policies and in behaviour which are widely seen by the public as authoritarian, unfair or beneficial only to a narrow sector of the population."

Speaking as Mrs Thatcher was issuing a rallying call to Scottish Tories in Perth, Mr Heath singled out government policies on the community charge or poll tax, social security benefits, unemployment and education for particular criticism.

He accused the Government of an "almost paranoid reaction" against the BBC and IBA over broadcasting decisions of which it did not approve.

He also condemned the Government's broader philosophy underlying those policies. "A government which seeks progress through confrontation and the dismissal of all who disagree with it is continually acquiring enemies," he said.

Mr Heath reminded the Government that it had been elected with the support of only 42 per cent of those who had voted. He said pressing ahead while opinion polls showed the unpopularity of particular measures was "nothing less than obstinacy."

Livingstone warns Labour leaders over defence policy

BY CHARLES HODGSON

MR KEN LIVINGSTONE, the left-wing MP, yesterday accused the Labour Party leadership of preparing to abandon Labour's policy of unilateral nuclear disarmament and said that such a move would be "an act of political suicide."

In a letter to his Brent constituency party, Mr Livingstone said it was clear from a report on Labour's defence strategy adopted earlier this week by the party's policy review group that the leadership was set to reverse its stance on unilateralism.

The report, prepared by a review group, said that it would be premature to make changes in Labour's non-nuclear policy in view of fast-moving developments in arms reduction talks.

Mr Livingstone's concerns were echoed by Mr David Blunkett, Labour MP for Sheffield Brightside, who backs Mr Kinnock in the leadership contest and has attempted to play a mediating role between the left wing of the party and the leadership.

Mr Blunkett told a party meeting in Norfolk last night: "Any idea that we should accept the nuclear umbrella of the US is unacceptable." He added that there should be "no suggestion that Labour is backing off from its clear commitment to the achievement of a nuclear-free world."

Defence remains potentially the most divisive issue confronting the Labour leadership in its attempt to formulate more popular policies and Mr Livingstone's remarks were the first public attack on the new set of policy proposals.

Mr Livingstone said the report's lack of reaffirmation of unilateral nuclear disarmament and its failure to mention the removal of US bases from Britain were a clear indication of the leadership's intentions.

He added that Mr Neil Kinnock, the Labour leader, wanted to postpone debate on defence until after the leadership election.

Fishing grants 'deliberately delayed'

BY KEVIN BROWN, TRANSPORT CORRESPONDENT

THE COMMONS Public Accounts Committee was accused of supporting a "dubious public morality" yesterday by the UK's biggest surviving deep-sea trawler company.

J. Marr, a family-owned company based in Hull, said it believed a report being prepared by the cross-party PAC would support allegations made in public hearings that trawler owners made unjustifiable claims for government grants.

The grants were paid to compensate trawler owners for loss of access to European Community waters following EC agreement on a common fishing policy.

J. Marr said it expected the report would "confirm the suggestion which was developing at the public hearing – namely that if an excuse or opportunity could be found not to pay the compensation which had been agreed within the EC, then the money should be withheld."

Mr Charles Marr, a director, released a letter to Mr Robert Sheldon, the Labour chairman of the PAC, warning that ill-informed comment during the hearings "has caused anger, not only in this company, but in the fishing industry generally."

The letter says the company would be willing to repay the £2.4m grant it received, less £1m paid in tax, in return for licences and fishing quotas allowing the six vessels involved to return to European waters.

Mr Marr accuses the Government of "abusing the system" by delaying grants to UK companies, with the result that many collapsed, and in some instances *grants were paid to banks* which had put the intended recipients into receivership.

In addition, he says, the EC agreement called for the cost of grants to be split equally between national governments and the Community. But the UK Government treated the grants as taxable income, allowing it to claw back 40-45 per cent in tax.

Acid rain level 'shows a decrease'

By John Hunt

EVIDENCE that measures aimed at curbing acid rain are having an effect is contained in a report published yesterday.

The condition of some of Britain's acidified lakes is said to have improved following the reduction in sulphur dioxide emissions from power stations and factories since the early 1970s, and lakes thought to be subject to further pollution by acid rain are showing signs of becoming slightly less acid.

The report by Dr Rick Battarbee's team at the Palaeoecology Research Unit, University College London, presents results of research funded by the Department of the Environment.

The team investigated the extent and causes of lake acidification in Britain and studied the layers of sediment in lakes. By this means the chemical history of a lake can be reconstructed.

The sulphur emissions – rather than nitrogen oxides – contribute to acidification. Conservationists maintain that emissions in Britain are killing fish and plant life in British lakes as well as in Scandinavia and other continental countries.

Lord Caithness, Minister for the Environment, said in a letter to Dr Battarbee yesterday that the research findings were heartening.

The research confirms that acid deposits are caused mainly by fossil fuel combustion.

Halifax discount on large loans

By David Barchard

THE HALIFAX Building Society yesterday announced a discounted mortgage rate for customers seeking home loans of more than £60,000, in a move apparently aimed at winning business back from mortgage companies.

The rate of 9.5 per cent, 0.3 percentage points below the society's ordinary mortgage rate, brings Halifax close to those being offered by the mortgage companies which have increased *their share of the upper end of* the mortgage market.

The new rate, brand named Apex, will be available for up to 75 per cent of the valuation of the property being bought and will last for three years.

Housing need 'overstated'

BY JOHN HUNT

A LETTER has been sent to all MPs by the Council for the Protection of Rural England claiming that Mr Nicholas Ridley, the Environment Secretary, has exaggerated the need to build more homes in the countryside outside the green belt in south-east England.

Mr Andrew Purkis, CPRE's director, says there is an oversupply of land already available for building in the region.

His letter follows Mr Ridley's controversial speech to the Bow *Group on housing in the south*-east earlier this week. Since then, Mr Ridley has issued figures suggesting that the number of new houses and flats for the region in the 1990s may have to rise by a further 150,000, bringing the projected total of new dwellings to 610,000.

Mr Purkis says in his letter that Mr Ridley's "lack-lustre" defence of the countryside outside the green belts and the limited role for urban renewal will lead to more irresponsible development proposals on green-field sites.

Forecasts released this year suggested that there would be 1m new households in the south-east by the end of the century. Mr Purkis says such projections are notoriously unreliable, however.

"There is no justification for major new releases of green field sites beyond the green belt, even to meet the requirements suggested by the latest household estimates," he says.

Seven jobs go in Lazard Investors

By David Lascelles, Banking Editor

SEVEN people are to be made redundant at Lazard Investors, the fund management arm of the Lazard Brothers merchant bank as part of a cost-saving exercise.

Mr David Verey, executive chairman, said profitability had been affected by Big Bang and last October's market crash.

Lazards Investors manages about £3.5bn of funds and employs 150 people. News of the job losses helped depress the price of Pearson, the publishing, banking and entertainment group which has a major stake in Lazards. It closed at 688p, down 14p. Pearson is also owner of the Financial Times.

UK NEWS

EMPLOYMENT

Radio Luxembourg owner plans bid for TV channel

BY RAYMOND SNODDY

RTL, the Luxembourg-based broadcasting company which owns Radio Luxembourg, is planning a significant push into the British market in the wake of government plans to open broadcasting to more competition.

The company believes the Government will go ahead with a fifth television channel funded by advertising, and RTL executives have been talking to potential partners in order to bid for it.

Executives point to more than 50 years' experience in commercial broadcasting and the company's involvement in the French Sixth Channel and RTL Plus, a German television channel carried on cable networks and land-based transmitters in West Germany.

RTL, a European Community company, will be looking at the possibility of applying for ITV franchises when they come up for decision in 1992 – the year the single market comes into operation.

Apart from the company's hopes of breaking into British television, RTL's Radio Luxembourg is very interested in expanding its radio interests in Britain.

The Government has announced that it plans three new national commercial radio channels and several hundred local and community stations.

The national channels will be awarded to the highest bidder after basic programme requirements have been fulfilled.

Radio Luxembourg may consider bidding for one of the national radio channels.

It is also looking at the possibility of setting up a production centre to supply programmes to the new local and community stations in return for the right to slices of their advertising time.

The first of Radio Luxembourg's new British ventures could make its presence felt early next year. Radio Tara, a joint venture with RTE, the Irish national broadcaster, is due to begin broadcasting a national commercial radio channel on long wave aimed at Britain before the country's own national stations can start.

The plan is being held up by an appeal against the granting of planning permission for the transmitter to be built in Trim, Co Meath.

A decision by the Irish Government on the appeal is expected later this month.

Rees-Mogg attacked by Grade

MR MICHAEL GRADE, chief executive of Channel 4, yesterday made a strong attack on Sir William Rees-Mogg, who is expected to chair the Government's new TV watchdog body.

He accused Sir William, former editor of The Times, who has been widely tipped for the post, of having "contempt" for television producers and questioned whether such a person could do the job impartially.

Mr Grade's criticism, in a speech to a media conference in Cardiff, came as an official announcement of the appointment of a chairman for the Broadcasting Standards Council was expected shortly from Mr Douglas Hurd, the Home Secretary.

Mr Grade questioned whether Sir William, at present chairman of the Arts Council and a former BBC governor, could successfully champion the interests of viewers.

"In print recently, he has felt able to castigate a play which he apparently hadn't seen: whatever the merits of the case, that doesn't bode well for fair dealing," said Mr Grade.

During his period as a BBC governor, Sir William had shown a contempt for programme producers – some of whom he had accused of "sycophancy towards the IRA," he said.

"By a starring role in the 'Real Lives' fiasco, he swayed the rest of the board of BBC governors to view and then ban a useful and informative little documentary on Ulster, which was subsequently transmitted without noticeable damage to the body politic."

Mr Grade asked: "Are his tastes those of the nation? Is his idea of political bias a concept which is generally shared?"

He also questioned whether Sir William would be likely to prove a champion of the "chronically under-represented consumers." These were average viewers who wanted nothing better than to relax with neighbours or a film.

"Or is he simply the ideal man to carry out a pre-determined task, handing down patrician wisdom from his country seat in Somerset?"

Mr Grade told his audience he had never pretended broadcasters did not make mistakes. However, they learned from their errors and the constant dialogue with the public that had been created through audience research, letters, public meetings and informed parliamentary and press criticism.

Computer package for doctors launched

By Peter Marsh

NIMBUS RECORDS, an audio and electronics company in which Mr Robert Maxwell's Maxwell Communication Corporation has a 70 per cent stake, yesterday launched an electronic publishing venture aimed at doctors.

The company, based in Monmouth, Gwent, plans to sell or rent to doctors data bases containing information regarding the diagnosis and treatment of such illnesses as AIDS, meningitis, cancer and various infectious diseases.

The data will be stored in digital form on compact discs, which offer a much greater memory capacity than conventional storage devices, such as floppy discs.

The system's software will enable doctors to gain access to the information using a question and answer format.

It will guide them towards diagnosing specific diseases and also advise on the treatment of patients.

Nimbus has already put information about AIDS on a compact disc.

Computer experts at Warwick University are helping the company with the venture.

The computerised equipment, based on a device called a CD-ROM, which is needed for reading the discs, costs about £3,000.

Nimbus could either sell or rent the system to doctors, or make them available through other companies in agency agreements.

Nimbus currently has a turnover of about £35m a year, most of which is derived from sales of compact discs or recording equipment.

Kevin Brown on the differences between the ferry company chiefs

NUS dubs Sir James of Sherwood

MR SAM McCluskie, the general secretary of the National Union of Seamen, was full of praise yesterday for Mr James Sherwood, the American head of Sealink UK, even going so far as to dub him Sir James of Sherwood.

The accolade reflects both the relief in the NUS camp at the end of its illegal action against Sealink and the cordial personal relations between the two men.

However, the bonhomie was in stark contrast to the bitterness between Mr Sherwood and his chief competitor in the ferry business, Sir Jeffrey Sterling, chairman of P&O. Their relationship, always volatile, broke down completely two weeks ago when Sir Jeffrey refused Mr Sherwood's pleas to return to the negotiating table.

At a superficial level, the difference in the approach the two men have shown to the NUS action is a reflection of their very different characters. Sir Jeffrey prides himself on his clear-sightedness, determination, and unwillingness to accept failure; *Mr Sherwood is a pragmatist who prefers to avoid a fight if possible.* At a deeper level, however, the tactical disagreement is a reflection of the vastly different business environment in which the two men operate.

P&O European Ferries accounted for less than five per cent of P&O's profits of £262m last year and Sir Jeffrey heads a conglomerate with profitable interests in construction and services, as well as deep-sea shipping.

Mr Sherwood's difficulties, on the other hand, were well illustrated by the first quarter results of Sea Containers, his Bermuda-registered master company, which were issued yesterday. These show that the group would have lost £17m ($32m) before tax, but for a profit of £40m on the sale of its newly-built London headquarters.

For the full year, Sea Containers is forecasting an increase in net profits from $43m to around $72m, of which Sealink is expected to provide around $42m. This implies an increase in Sealink profits of around 50 per cent, a forecast which Mr Sherwood believes is justified by increased demand from both passenger and freight traffic.

The figures indicate the extent to which the Sea Containers group has become dependent on Sealink for both cash flow and profits. The corollary is that the ferries have to be kept running at almost any price.

This is the explanation for Mr Sherwood's eagerness to do a deal with the NUS and his professed belief that reductions in manning on his own ships can be achieved by negotiation.

However, it was unclear yesterday what affect the split between the two major ferry operators would have on the prospects for cooperation against the enemy both fear more than the NUS – the Channel Tunnel.

Before the current dispute, Mr Sherwood was a strong advocate of a deal between the ferry companies, which would establish a joint service on the Dover routes using jumbo ferries capable of matching Eurotunnel's prices. This would require a high level of cooperation between Sealink and P&O – and a level of trust which has been conspicuously absent in the past few weeks.

Mr Sherwood was still hopeful yesterday that a deal could be done but he conceded that it may turn out to be very different from what might have been available had the employers maintained a united front. "The lesson I have learnt out of this strike is that Jeffrey Sterling is a very difficult person to deal with. I think that makes it less optimistic for us to be able to conclude a deal with him and I think that is sad.

"I am still hopeful, because I think that at the end of the day reason will prevail among businessmen and if a joint service makes good sense for both P&O and ourselves we will bury our differences and do it. But I think that, due to the enormous inflexibility of P&O, as we perceive it, we need to have an alternative strategy ready."

That alternative strategy will take two forms. First, Sealink will draw up proposals for a reduced form of joint service from Dover, which may amount to as little as an agreement on timetabling. Second, Sealink is covering its back by expanding services in the Mediterranean, Irish Sea and North Sea in an attempt to limit its exposure to competition from the tunnel.

Mr Sherwood says the Dover routes account for only 25 per cent of Sealink profits, less than both the Irish Sea and Isle of Wight services, and this figure is expected to fall further before the tunnel opens in 1993.

In the short term, Sealink will hope to take advantage of P&O's continuing industrial problems to maximise both revenue and market share on the Dover routes.

Mr Sherwood continues to hope for a rapprochement, with Sir Jeffrey, however. "I hope that lessons will be learnt as a result of this strike and we will be able to re-establish a good relationship," he said. "I have great respect for Jeffrey's abilities as a financial and property man, and I hope he has some respect for my 30 years in the shipping business."

EC leader to speak at TUC

By Robert Taylor in Stockholm

MR JACQUES Delors, the European Community president, is to speak to the Trades Union Congress at Bournemouth in September in an unprecedented move by the TUC to adopt a more positive attitude towards the EC.

TUC officials are drawing up a strategy document for the autumn which will set out the TUC's proposals to extend and defend union and worker rights as a part of the movement to the free internal market inside the EC by 1992.

Union leaders regard Mr Delors as a crucial ally for the western European labour movement in its efforts to put social issues on the EC agenda.

"We trust Mr Delors," said Mr David Lea, TUC assistant general secretary, yesterday. "He has a unique experience and opportunity to carry through the social dimension of the internal market."

Mr Lea chairs the economic committee of the European Trade Union Confederation (ETUC)and is a member of the commission headed by former Austrian chancellor Bruno Kreisky which is examining ways of reducing unemployment in Europe.

Mr Norman Willis, TUC general secretary, and Mr Ron Todd, *general secretary of the Transport* and General Workers Union, have backed the move to have Mr Delors at Congress.

In the early 1970s, the TUC was opposed to British membership of the EC, although Congress House has filled its allocated seats on EC committees.

Until recently, few union leaders in Britain took EC affairs seriously, to the anger of their continental colleagues. Opinion has now changed, encouraged by the more sympathetic attitude towards labour affairs taken by the European Commission compared to the British government.

A number of experienced Britons now occupy important positions in the international labour bodies based in western Europe and have all helped to convince British union leaders to adopt a positive view of European developments.

They include Mr John Evans, secretary of the trade union advisory committee of the Organisation for Economic Co-operation and Development, and Mr Peter Coldrick at the ETUC.

NUT may face deficit of £3.7m

BY DAVID THOMAS, EDUCATION CORRESPONDENT

THE NATIONAL Union of Teachers, Britain's biggest teachers' union, is in danger of falling £3.7m into the red by 1991, according to a report prepared by the union's national executive.

The report, which is likely to prove highly controversial within the union, will be discussed next month at a special conference on a major reform package proposed by the union's leaders in a bid to stem the financial haemorrhage.

The proposals include increasing regional staff to improve services and thereby halt the decline in membership, cutting headquarters staff, centralising the collection of membership subscriptions and examining the possibility of having a national conference every two years instead of annually.

The package is associated with the leadership's attempt to give the union a less militant image, sometimes dubbed the "new realism." It was originally due to be debated at the union's annual conference in Easter but delegates insisted on a separate conference.

The executive has now prepared a new report, called Union Organisation and Development, which aims to provide a fuller justification for the reforms and is intended for wide circulation in the union.

The report, which sets out the objective of a balanced budget for the union, highlights the decline in NUT membership. This is based partly on the fall in the share of teachers belonging to the NUT from 65 per cent in 1970 to 40 per cent in 1986.

However, the union's left-wing is likely to attack the financial forecasts as highly speculative, arguing that the increased costs flow mainly from the proposal to increase regional staff.

The left believes that many of the leadership's proposals are really aimed at curbing the power of local activists and shifting the union's emphasis away from collective action.

About 150 NUT activists agreed at a meeting in Coventry last weekend on amendments they will press at the special conference. These include preserving the annual conference

The left will also press for all NUT senior officials, including the general secretary, to be elected. The union is in the process of advertising for a new general secretary, who will be appointed by the executive.

NUT's Projected Deficit (£'000s)

	1991*	1990*	1989*	1988*	1987	1986
Income	7,597	7,316	6,961	6,757	6,638	6,139
Basic capital needs	(800)	(600)	(800)	(600)	(169)	(585)
Employee costs	(3,417)	(3,255)	(3,100)	(2,952)	(2,714)	(2,680)
Other revenue expenditure	(4,416)	(4,206)	(4,006)	(3,816)	(3,610)	(3,770)
(Deficiency) surplus	(836)	(745)	(745)	(611)	145	(896)
Cumulative deficiency	(3,688)	(2,852)	(2,107)	(1,362)	(751)	(896)

*Projected. Source: NUT

High-earners show a strong increase

BY PHILIP BASSETT, LABOUR EDITOR

HIGH-EARNERS have increased markedly in number under the Conservatives, according to recent Government figures which show sharp rises in the numbers of people earning multiples of the national level of average earnings.

The increases in those earnings multiples – double, treble and quadruple – are likely to be viewed by the Government's supporters as indicators of the strength of the economy and the prosperity of many within it, but by its opponents as evidence of an unequal distribution of wealth to the already-wealthy.

Figures prepared by the Department of Employment in reply to a recent Parliamentary question gave details on the number of people, including the self-employed, of those on multiples of average earnings.

In 1978-79, when the Conservative government took office, the numbers earning twice, three times and four times the then national average earnings level of £98.80 a week for men and £61.80 for women were 690,000, 180,000 and 80,000 respectively.

However, by 1986-87, those earning double, treble and quadruple the national average earnings level of £224 for men and £148.10 for women had risen to 840,000, 270,000 and 130,000 respectively. These show respective increases of 150,000, 90,000 and 50,000. They indicate proportionately much larger rises in the numbers earning higher multiples of national average earnings.

The proportion of those earning double the national average has risen by 21.8 per cent over the years of the Conservatives, of those earning treble it has risen by 50 per cent and of those earning quadruple the national earnings level it has increased by as much as 62.5 per cent.

National average earnings for all employees, male and female, manual and non-manual, are £198.90. Twice average earnings is £397.80, three times £596.70, and four times £795.60.

David Barchard on home banking's development

Ringing the money changes

HOME BANKING in the UK is expanding rapidly, according to TSB, which this week announced that it had more than 50,000 subscribers to its telephone-based home banking scheme. It hopes to pass the 100,000 mark by the year end.

"We are picking up more than 1,000 new subscribers a week and believe that when we have introduced some additional facilities the figure will go up to 200,000," said Mr Ray Murphy, head of special projects at TSB.

"There are now more than 12,000 transactions a week on our home banking system," he added.

TSB is proposing to widen its home banking operation later this year to include screen-based services. At present, its subscribers are linked by telephone to a central computer system through which they can do most of the business that can be carried out on an automatic teller machine in a bank branch.

What is believed to be the second largest home-banking system in the UK, operated by Nationwide Anglia Building Society as part of its Flexaccount interest-bearing current account, is also telephone-based. The society says that about one in 10 of its current account customers have home banking.

Screen-based home banking services are offered by the Bank of Scotland and by Nottingham Building Society. The society launched its pilot scheme in 1983, while the Bank of Scotland began in January 1985, expanding its service to include office facilities 13 months later.

Both these services appear to have been growing much more slowly. Although neither will give figures, one trade source says that it believes that there are about 4,000 subscribers to the Bank of Scotland's Home and Office Banking System.

None the less, both the Bank of Scotland and Nottingham Building Society say their home banking operations are doing well.

Mr Colin Hesp of the Bank of Scotland says: "We are very, very satisfied at the way we have progressed in the market. Home banking has attracted millions of pounds of new money on to our books."

Mr Stuart Brandreth, chief executive of Nottingham Building Society, says: "We don't want to help the competition, but we are making money. The service is helping us expand outside our traditional geographical area."

However, he adds: "The problem is that home banking hasn't yet captured the imagination of the man in the street. But it is not expensive."

Most of the schemes available, in fact, charge users only about £10 a year. This may be partly because they are still viewed as somewhat experimental.

Of the leading clearers, National Westminster has introduced a limited service for small businessmen and is contemplating entering home banking later this year, while Lloyds has a small experimental pilot scheme that has about 1,000 subscribers. Mr Gerry Solomon, Lloyds' general manager for UK retail marketing, says a full launch may still be a year away. Barclays has an experimental system.

The Royal Bank of Scotland in June last year launched a screen-based modular system called Royline for small and medium-sized businesses, with charges starting at £40 a month. It says it has 100-plus customers so far, but numbers are rising.

"We have gone for the business customers rather than the personal market," says Mr Brian Porteous, Royline's manager. However, a pilot scheme for a phone-based product, called Phoneline, is under way and is expected to be available soon.

Schemes like those of TSB and Nottingham Building Society may remain ahead of what the big clearers will offer even when they do go into the market. Both offer their subscribers "real time" accounts, that is up to the moment records of transactions, rather than just records of the balance outstanding at the previous day's close of business.

APPOINTMENTS

Managing director of Leyland Bus

Mr John Arkell has been appointed managing director of LEYLAND BUS from August 1. He is managing director of Volvo BM UK, and a board member of Volvo Trucks (Great Britain). Mr Arkell takes over the Leyland Bus chief executive officer's role from transitional managing director, Mr Jurgen Bahr, who will return to his Gothenburg-based post as vice president marketing and sales for Volvo Bus Corporation.

★

CANNY BOWEN & ASSOCIATES has appointed Mr Basil Evans as an executive search consultant. He joins from ANZ Merchant Bank where he was a director.

★

The DAIRY TRADE FEDERATION has re-elected Mr Jim McMichael-Phillips as pressident. He is group general manager fo the Co-operative Wholesale Society Milk Group.

Mr Tom Dodd, co-managing director of The Henderson Group, is to join RAINE INDUSTRIES as group operations director.

★

Mr Keith Hall has been appointed a non-executive director of PEGASUS GROUP with responsibility for group marketing. Mr Chris Jones, a non-executive director, has resigned.

★

From June 1 Mr David P. Jones will succeed Mr Richard Yeo as director and marine underwriter of MARINE OFFICE OF AMERICA CORPORATION (UK).

★

Mr Alan Gilbertson and Ms Gillian de Casanove are joining the board of W.H. BLATCH INVESTMENTS.

★

LAMBERT HOWARTH GROUP has appointed Mr Malcolm Ferguson as financial director in *addition to company secretary.*

Mr Andrew Rodgers has been appointed marketing director of FOSROC TECHNIK, Tamworth. He was manufacturing and operations manager.

★

CHARTWELL LAND, property subsidiary of Woolworth Holdings, has appointed Mr Nick Light as finance director. He joins from Pentos where he was controller. Previously he was group managing director at J.E. Lesser & Sons (Holdings).

★

C.I. GROUP has appointed Mr Stephen Armstrong as a director. He was a co-founder of Express Reinforcements in 1984 which was acquired by C.I. in January 1987.

★

Mr Terry Arthur, senior partner at T.G. Arthur Hargrave, consulting actuaries, has been appointed a director of the WESLEYAN & GENERAL ASSURANCE SOCIETY.

★

Mr Terry Lynch has been appointed chairman of HAY MANAGEMENT CONSULTANTS.

TDS CIRCUITS, Blackburn, has appointed Mr John W. Whybrow as managing director, and Mr David Dickson succeeds him as sales and marketing director.

★

Mr E.M. Worley, chairman of William King, has been elected president of the NATIONAL ASSOCIATION OF STEEL STOCKHOLDERS.

★

Mr Malcolm Wykes (Halifax Building Society) has been elected president of the CHARTERED BUILDING SOCIETIES INSTITUTE.

★

Mr Andy Downie has been appointed managing director of CMG CONSULTANCY SERVICES NORTHERN.

★

AMERICAN EXPRESS has appointed Mr Jack Donaldson as vice president, service establish*ment sales and marketing.* He was general manager of the company's London travel operation. Mr Bill West has been appointed director, personal acquisition, responsible for television and press advertising.

Drop in pupil numbers cited in pay argument

By John Gapper, Labour Staff

THE FALL in the number of school-leavers up to 1994 was cited yesterday by the textile group of the Transport and General Workers' Union as an argument for increasing wages in all sectors of the textile industry.

Mr Peter Booth, TGWU national secretary, said in his annual report that the industry's image as an employer had to be improved because the drop in the number of school-leavers meant increased competition in the labour market.

It is one of the first times that a union has cited the factor in representations to employers. The Government is planning a publicity campaign later this year to warn employers of the effect of the demographic change.

The textile group holds its annual conference in Llandudno next week. At the same time, a series of 24-hour strikes have been organised by unions in the cotton textiles sector following the breakdown of pay negotiations. Mr Booth said that wage increases had not reflected a rapid rise in productivity in textiles in recent years due.

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The mergers debate

A GREAT controversy has arisen over the bid approaches by two Swiss companies, Nestlé and Suchard, to Rowntree, the York-based confectionery maker. While no one would claim that chocolates is a strategic industry, there are fears that one of the country's few "world leaders" may pass under foreign control. A transfer of ownership from York to Switzerland would, it is argued, deprive the city of headquarters-related functions and services and thus impoverish the region. The fact that most Swiss companies are protected by their shareholding structures from foreign takeovers adds to the resentment – although opposition would probably be no less passionate if the bidder was American or even a British conglomerate such as BTR.

The Government should resist the pressure to refer the Nestlé bid to the Monopolies Commission, but, in doing so, it would do well to clarify the various issues raised in the lobbying campaign.

First, competition. Both Nestlé and Suchard have small shares of the British market; a merger of either of them with Rowntree would not seriously reduce competition. But a merger between Rowntree and Cadbury, which has been canvassed as an alternative "British solution," is a different matter since the two companies between them account for over half the UK market.

Relevant market

As Sir Gordon Borrie of the Office of Fair Trading pointed out this week, the impact of mergers on competition has to be considered by reference to the relevant market, which might be Europe as a whole or the UK or a part of the UK. Imports of confectionery into the UK are very small. In the case of Cadbury/Rowntree the UK would probably be regarded as the relevant market. Given the time and cost involved in building brand loyalty, a combination of the two leading suppliers would raise barriers to new entrants – to the detriment of UK consumers. A reference to the Commission would be unavoidable.

The problem for the Government is that under the Fair Trading Act it has the power to refer mergers to the Commission for reasons other than competition. The wide discretion available to the Secretary of State for Trade and Industry in referring mergers – and to the Commission in judging them – is one of the weaknesses in UK competition policy. Consistency depends on the self-restraint of the present Secretary of State, Lord Young, who has chosen to refer mergers primarily on competition grounds.

Yet even within the existing Act Lord Young would be strongly placed to reject a reference on the two "public interest" grounds which the pro-Rowntree lobby has suggested – regional policy and reciprocity.

The loss of corporate headquarters in cities like Liverpool and Glasgow is an understandable source of concern, but merger policy is not the right instrument for dealing with it. Quite apart from the difficulty of identifying companies which qualify for special protection, the closure or transfer of head offices takes place for many reasons other than mergers. If the Government really wanted to preserve head offices in the regions, it would have to introduce specific measures, such as confining regional grants to companies which maintained their head offices in the regions.

Dubious benefits

As for reciprocity, it is not obvious why the Swiss should be singled out for restrictive treatment when other countries inside the European Community, such as West Germany, have shareholding arrangements which make hostile takeovers difficult. Reciprocity in takeovers would be hard to apply consistently and the economic benefits to the UK would be dubious. Lack of access to other countries' markets is best remedied through inter-governmental negotiation, not through merger policy.

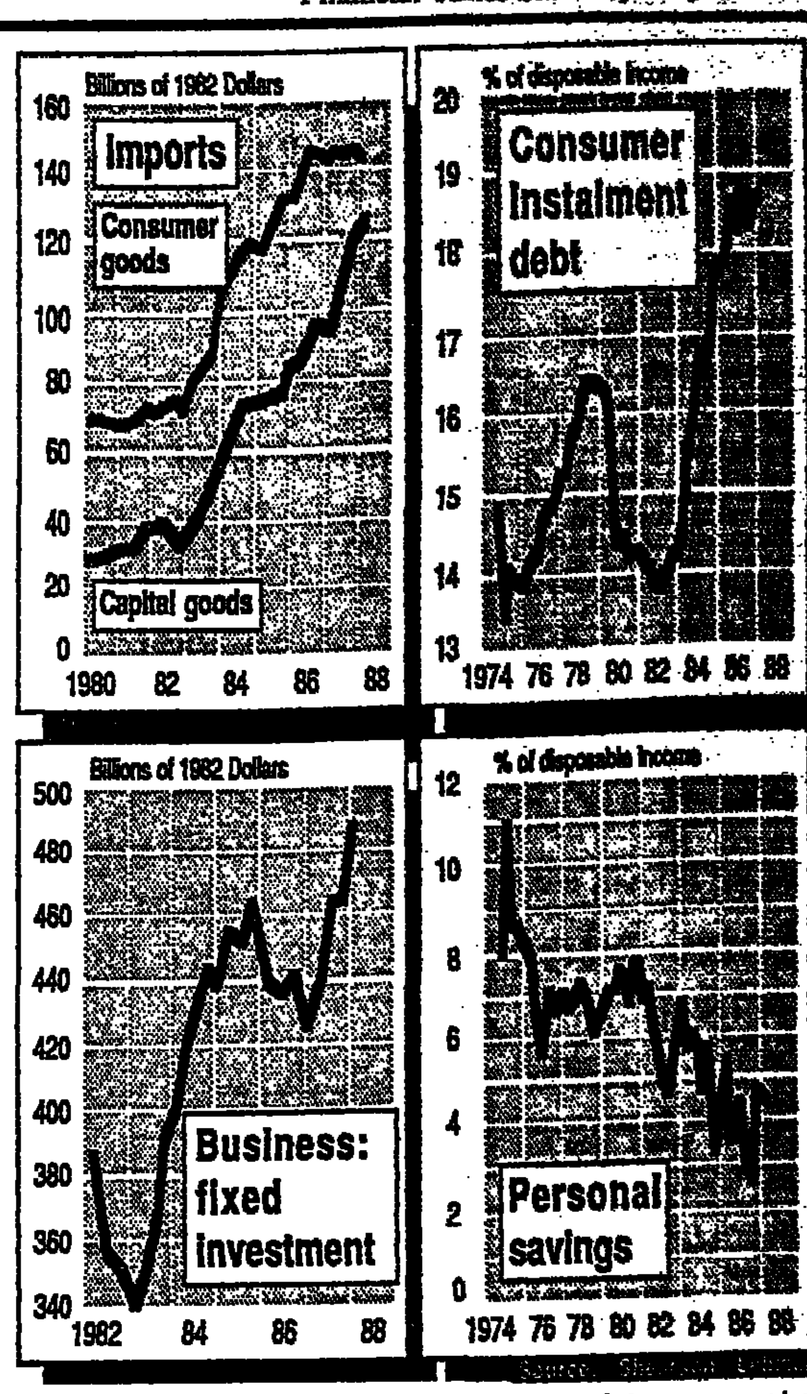
The UK gains far more than it loses by working for a liberal system in which British companies are free to buy foreign ones and vice versa. Ministers should resist the tendency to regard mergers between British companies, to form stronger international competitors, as intrinsically preferable to trans-national deals in which the British company may be the junior partner.

While the Government would be wrong to intervene in the Nestlé bid, there are two troubling issues arising from takeover activity in general. One is the scarcity of interested owners, willing to take a long-term view of the companies they invest in. Too often the fate of companies which become takeover targets is determined by short-term traders or arbitrageurs. Is this a flaw in the market mechanism which needs to be corrected by changes in company law or taxation?

The other is the impotence of employees. Some countries provide in their takeover procedures for employees to be consulted and to have some influence on the outcome. The process of buying and selling companies, which is a necessary and valuable part of the market economy, would be more widely accepted if employees played a larger role in it.

Anthony Harris discusses the US economy in the light of the latest figures for producer prices

Why Wall Street is nervous about inflation



FOR A DAY, at least, the inflation optimists had the better of the argument yesterday on Wall Street. The bond market greeted the new figures for US producer prices with some enthusiasm. They were not in fact particularly good – there was a sinister rise in the cost of goods in the early stages of production – but they were not as bad as the market forecasts.

There is in fact no clear consensus, either in Wall Street or in the Washington policy establishment, about the outlook for inflation. The official line was proclaimed by Governor Wayne Angell of the Federal Reserve this week: there is no sign of a rise in inflation at the moment, and Fed policy still aims to reduce this by a percentage point or so to 2-3 per cent within the next eighteen months or so. This considerably overstates the confidence which Fed governors express in private.

It is almost certainly intended as a counterweight to what is seen with some impatience in Washington as Wall Street's excessive gloom. The market switched from worry about recession to worry about overheating with almost no perceptible interval.

Not even the impressive first quarter GNP figures, which showed healthy growth led by exports and investment, cheered the market much, although the usually cautious Mr Allen Sinai of the Boston Co described them as "hard to fault". Washington feels that it can get nothing right so far as the market is concerned, and suspects that the dealers are simply expressing their own pain at squeezed profits, lost jobs and cut salaries.

Governor Angell is unlikely to reassure them, though. The rise in long bond yields does not simply represent inflation fears. It also reflects worries about whether the Japanese, whose own market is booming, will use the maturing of each tranche of Treasuries as an opportunity to sell out of US securities; and it reflects doubts about the Fed itself.

The Fed's present Board of Governors is regarded as out of touch with the markets, and inexperienced in monetary management, to put it politely, and so optimistic statements from Governors can be counter-productive. The market was much more impressed this week by Fed action which suggested some worry than by statements which suggested none; but it would have preferred a clearer move a week earlier. The markets want the Fed to lead rather than follow.

All the same, the official figures are mainly on the side of the Fed: even its critics concede that there is virtually no sign yet of accelerating inflation, but at worst of trends which might cause an acceleration in the future. The pessimists are not very clear when it comes to explaining why there has been so little response so far to continued quite rapid growth and to falling unemployment.

Wages are the biggest puzzle from a British point of view. Even in the latest reported bargains, wage increases are well below the likely rate of inflation, sustaining a weak trend in real wages which has now lasted more than ten years. Americans are not much surprised by this: unions in the US have been losing members and influence for many years, and are now much more concerned with job protection than with real wages.

They feel threatened because there is still high unemployment in the old *heartlands, and because foreign* competition from the newly industrialised countries (NICs), notably Mexico and Korea, is still is a very real threat. Component and assembly jobs are still going out, as the Rev Jesse Jackson puts it, and the jobs that stay in the US are going to new regions. It is only this week, for example that Ford, by far the most successful company in the US motor industry, actually hired some new workers for training at its main plants. Until then, its entire expansion had been manned by re-hiring those who had previously been laid off.

There is some tightness at the bottom of the labour market; there are far fewer teenagers seeking work, and there are stories of wages as high as $6 an hour for handing out hamburgers in the high employment regions. However, the only sign until now of this infection spreading to the mainstream labour market was the new contract signed by the Teamsters, who control transport workers. The contract as a whole was moderate, but the employers conceded a sharp increase in starting pay for new recruits, who have been hard to find.

Even the optimists fear that import prices will go on rising by, say, 6 to 7 per cent a year, if the dollar sinks no further, and faster if it weakens

Wage restraint does not impress Wall Street pessimists such as Mr John Paulus of Morgan Stanley, a former Fed economist. While he is not unduly worried about the rise in the cost of services (nearly twice as fast as the rise in goods prices), he regards the labour market as a late warning system. "Wages are a lagging indicator" he says. "If you wait for wage inflation, you are already in trouble." As an early warning he has constructed an index of productive capacity, a natural rate of growth rather like the natural rate of unemployment which monetarists try to measure. On his figures, growth has just crossed into the danger zone where further increases will cause faster inflation.

Foreign competition could restrain prices, but here lies another *puzzle*, stressed by Stephen Slifer of Shearson. US import prices have in the past swung fairly much in line with exchange rate changes; but the devaluation since 1985 is another story. On past form, import prices should have risen some 20 per cent more than they have so far.

The cynical explanation of this is that it is all the work of the banks, which have aggressively sold forward exchange rate cover; as the cover runs out, prices will catch up. Optimists look to the increasing share of trade held by the low-cost *NICs*, and the extraordinary achievements of Japanese and European exporters in cutting their costs to offset rising exchange rates. There is no solid evidence for either view.

Even the optimists, though, fear that import prices will go on rising by, say, 6 to 7 per cent a year if the dollar sinks no further, and *faster* if it weakens. This could only too easily prove a vicious circle. Rising import prices would not only increase inflation (though not in fact by very much), but would make it much harder to close the trade gap; and if the trade gap does not narrow, can the dollar be supported?

Friendly foreign central banks might lend a hand until November, because they are afraid that Governor Dukakis, although a free trader himself, might as President be unable to resist the protectionism of the Democratic party. By November, though, the central banks and the markets will want to see solid progress with the trade balance, whoever wins the election.

Nobody, in Washington or in the markets, seems at all confident that such progress will be achieved (though some academics, and one or two market economists in London, are much more hopeful). The majority fears especially that if foreign investors lose confidence in the dollar, the Fed may be unable to respond at all vigorously. America's internal debt crisis means that a sharp rise in rates, such as Mr Paul Volcker engineered in 1980, would lead to a widespread collapse of overgeared companies, and especially of thrift institutions, whose debts are put in the market as high as $60bn.

It can be seen, then, that the bond market is not just worrying about prices, but about the behaviour of the US economy as a whole. Since the Fed is thought to be inhibited, and the Administration has become a bad joke, this means the behaviour of the private sector. Here, fortunately, there are some grounds for moderate optimism.

The charts illustrate some of the hopeful factors:

● Consumer demand for imports flattened out in real terms more than a year ago, and since the stock market crash consumer debt has kept step with incomes.

● Industrial investment has risen very strongly. As in Britain in 1976, this is inflating imports at present, but promises higher capacity and greater net exports later.

● Private saving has recovered a little since the crash; both the changing age structure of the population, and the end of easy Wall Street profits, could push saving back towards more normal levels, and so reduce the need to attract foreign funds. The potential long-term adjustment here is huge – bigger than the twin deficits

Indeed it could be argued that as in October, the market's fears are a much more powerful discipline on the US economy than anything the Administration could do, even if it were minded to act. It may seem odd to suggest that the US can only make a successful adjustment if the securities market is weak, but the results of the crash look so helpful that this is now quite a fashionable paradox.

There is one further reason for hoping that the American structural adjustment will go better than the very cautious official and Wall Street forecasts suggest. Much attention has been paid to the fact that the huge devaluation of the dollar has only brought it back to its starting point in 1980, while the US has incurred huge debts in the interval.

This is not quite true: the Morgan Guaranty calculation of the real exchange rate shows an average gain of competitiveness of about 7 per cent over the period, thanks to the low rise in US costs. More important, the pattern of competition has changed: the US is far more competitive against advanced economies, which will spur the kind of growth the US needs, but less so against developing economies, which will help to restrain US inflation and to resolve the debt problem.

However, if the private sector looks potentially promising, official policy – in other countries as well as in the US – does not. Monetary policy seems to be replaying the errors of the late 1970s, when the Fed became complacent about apparently low monetary growth which was in fact the result of heavy official buying of dollars, while the central banks in the strong currency countries worried about the counterpart, the growth in mark, yen and now sterling liquidity. This produced inappropriate policies and ill temper all round, and is doing so again, and the pattern suggests that the Fed will again leave any effective action much too late.

There is also a more remote danger that the errors of the early 1970s will be repeated. Japan is already enjoying a consumer-led boom, and political pressures in Europe against the sluggish growth and high unemployment *of* recent years are rising. Quite moderate actions to stimulate growth become dangerously powerful if they are synchronised, as the world saw in 1973; they will only be safe this time round if the US is in fact correcting its balance of payments reasonably fast.

In short, there are quite enough real risks to justify nervousness in Wall Street, even on an optimistic view. A guess at the future might suggest that the US will do better in trade than the markets suggest, and so avoid a second major dollar crisis; but it seems altogether too optimistic to hope that it can avoid rising inflation too.

As US industry learns of the profits now available in foreign markets, and if industry in other countries enjoys better demand in its home markets, the forces which have so far restrained US import prices will weaken, and in a fully employed economy wages will follow. That would mean higher inflation, but nothing like hyper-inflation; and if the future did work out like that, most Wall Street forecasters would be immensely relieved.

Men in the News

Paddy Ashdown and Alan Beith

A time to gamble or a time to play safe

By Michael Cassell

AS THOUGH the membership of the Social and Liberal Democratic Party has not had to make enough difficult choices, it will soon be obliged to decide whether its first elected leader is to be an energetic, impetuous ex-Royal Marine or a teetotal, mild-mannered lay-preacher.

Other contestants for the ten-week-old party's leadership may emerge. But Westminster assumes that either Mr Paddy Ashdown, the former Special Boat Section Commander who has been MP for Yeovil for five years, or Mr Alan Beith, the earnest, experienced and puritanical Member for Berwick-upon-Tweed since 1973, will in July take over from Mr David Steel.

The choice on offer, in the eyes of many leading Democrats, is clear-cut, though they acknowledge that the best decision will not be so obvious.

An endorsement for Mr Ashdown is widely regarded as a gamble which could go splendidly right or disastrously wrong. A vote for Mr Beith, a former deputy leader of the Liberal Party, will be interpreted primarily as backing for a safe pair of hands.

Everyone is agreed that the winning candidate must be the person best able to get the Democrats' show back on the road after its recent calamities; and the one who can most effectively articulate the new party's ideals and objectives.

There are few significant differences on policy between the two likely front-runners. Mr Beith has been portrayed as on the Liberal right; Mr Ashdown more to the party's left. But the divide has become increasingly hard to define.

Mr Ashdown, who shows signs of a restlessness reminiscent of Dr David Owen in his search for the new angle, can be expected to press home the need for fresh, radical thinking. Mr Beith is likely to place as much emphasis on the need to preserve and build upon the best elements of traditional, non-conformist Liberalism.

Inevitably, Mr Ashdown's approach will be an impassioned one, though his rapid-fire renditions of post-Thatchérite ideals have sometimes appeared to lack in content what they make up for in style.

More unkindly, his critics claim he is a lightweight whose charisma outshines his political capabilities. He has sometimes shown himself, they say, to be somewhat uncertain in his approach to specific policy issues.

After his well-publicised about-turn on Liberal nuclear defence strategy, shifting from a nuclear disarmament position to one of backing David Steel's compromise solution of a nuclear freeze, he was dubbed "Paddy Backdown".

Those who had cast him in the mould of a John F. Kennedy, capable of offering an alluring blend of inspirational vision and political bravura, felt badly let down. The memory lingers on and in their minds raises questions about his reliability when the going gets tough.

More recently, however, he has impressed colleagues with his detailed handling of the education portfolio and is generally regarded to have performed impressively during the committee stages of the Education Bill.

His lack of political background could work to his advantage, given that he is not weighed down with the cumbersome, potentially damaging political baggage which some Liberal veterans have to carry with them. Conversely, his recent emergence means that he lacks real roots.

His popularity within the wider party membership, shared by former leading members of the Social Democrats whose support during the campaign could prove critical, is not reflected among colleagues at Westminster.

One senior party member was prepared to describe him this week as "hopelessly erratic", although another said he found him refreshingly ready to acknowledge his weaknesses and prepared to learn.

Mr Ashdown would perhaps be the first to acknowledge that, if he gets the job, he will be heavily dependant in the beginning on the team of advisers which backs him up. In that respect he may well be fortunate: some of David Steel's closest associates are switching to his camp.

One potentially important factor in his favour is the heavy preponderance of Liberals in the West Country, who might be expected to support the local man.

At Westminster, however, a majority of the 19-strong parliamentary team, which wanted Mr Steel to stay, at present looks set to back Mr Beith.

The MP for Berwick is, above all, regarded as a competent, capable and experienced parliamentarian, though he is not without his detractors.

His alleged involvement in the ill-fated policy document drawn up in the final stages of the Liberal-SDP merger process has done him some harm among Liberals, despite his subsequent attempts to distance himself from the affair. The episode is also likely to have alienated at least some pre-merger members of the SDP, who would otherwise have gladly extended their support to a man seen to stand on the right of the party.

Most leading party members believe that the two-month leadership contest will itself prove decisive. The contestants will be after a valuable prize and will have to demonstrate their abilities under the sort of intense and sustained pressure which Mr Steel knows only too well.

The most widely-held view is that Mr Ashdown is the most likely man to capture the spirit of the hour and to offer the membership an imaginative and invigorating style of leadership capable of setting alight the centre ground.

There remains a suspicion, however, that he could easily destroy his chances with a single lapse, which would be seen as confirming doubts about his inexperience and impetuosity. In that event, Mr Beith, the low-risk alternative, would reap the harvest sown by his opponent's mistakes.

The party is now anxious to make its choice. Despite the ambiguous showing at the local elections and the low standing in the national polls, the Democrats take considerable comfort from the conviction that they have at least seen off Dr David Owen's SDP. The party's ambitions to replace Labour as the natural alternative to Thatcherism have *not yet been snuffed out.*

Robert Thomson, in Datong, looks at popular reactions to China's reform programme

The great wall of inflation

SURROUNDED by the barren, yellow earth that colours much of northern China, the village of Datong ("three small hills") is a monument to the perseverance of the Chinese. The average family home, carved into a rock outcrop, is a two-room cave, and the average inhabitant works an unsympathetic soil to produce enough to survive.

Despite its remoteness, the 100 or so residents of this village in Shanxi province have been affected by inflation, and, like the increasingly disgruntled urban Chinese, have begun to question China's reform programme. Li Cuihua, aged 43, mother of four, says that "things are much better than five years ago . . . we have a lot of grain, but we don't have much money."

Inflation is something new to most Chinese, who were raised on government subsidies that kept prices stable and artificially low. They now have to grapple with market forces and the accompanying price fluctuations. Although they were poorer in pre-reform times, the Chinese did know exactly how much they would earn in a year.

The national inflation rate is officially reckoned at 11 per cent, up from 7.3 per cent last year, and already above the government's 1988 target figure of 9 per cent. In urban areas, vegetable prices rose 48 per cent in the first quarter, and non-staple food prices increased by 24 per cent. Last week, monthly food subsidies of up to Yuan 10 (£1.43) were approved for city dwellers, though they will face food markets further freed of production subsidies, and, most probably, more price rises.

For example, in Peking the next round of price rises occurs tomorrow; when the prices of vegetables, sugar, eggs and pork, the staple meat, will rise by 30 to 60 per cent. In 1987, 40 per cent (Yuan 2.5bn) of Peking's budget was eaten up by subsidies, nearly all for food. The people in Peking are the best looked-after in China, with subsidies for everything from rice to bus tickets.

In Datong, which takes its name from the three small hills which lie about 50km away, residents can expect a monthly subsidy of Yuan 8, courtesy of the state administration for commodity prices, which explains that there are "at least two advantages" to the new market-pricing policy. "It will enable people to better understand state policies, and it will help reduce the government's financial burden."

Datong residents clearly need further instruction about the government's intentions. Even the most prosperous inhabitants – like Dang Shouzhang, aged 66, a retired factory hand turned coal retailer – are not sure why they are prospering.

Mr Dang buys coal from a nearby mine at the equivalent of just over 5p for 10kg and sells it for 8p, earning himself £40 a month, about twice the wage of the average office worker. The wholesale price of coal has risen 20 per cent in the past few months. "The reforms are great. The price of vegetables is rising," says Mr Dang. "But the farmers deserve more money. It is not fair to have prices too low."

Another of reform's success stories, Wu Zhen, aged 34, made a profit of £1,400 last year by selling cloth. He, too, does not understand the reform, but knows that the more cloth there is on the market and the more competition from new cloth traders, the lower his profits will be. "I am still doing okay. The Chinese people don't have much knowledge of markets. We need more practice."

In Peking, the government is concerned that factory workers, who earn much less than Wu Zhen, could take to the street to protest about declining living standards. Chinese sources say that 18 industrial disputes have been reported so far this year.

Consequently Communist Party leaders are keeping a close watch on the worker unrest in Poland – a country which they often use as a measure of comparison.

China's leader, Deng Xiaoping and the Party General-Secretary, Zhao Ziyang, are telling the nation that inflation can only be solved by further reforms, hence last week's subsidy decisions. They argue that until half-reformed pricing and marketing systems are overhauled, inflation is inevitable. Yet, if inflation continues to rise, popular discontent will grow, as will fighting within the party, and the reform programme will be under serious threat.

Government officials in Datong talk of the "psychological effects of inflation", and the central government is acutely aware of the problem – for instance, most newspapers have been forbidden from increasing cover prices this year. But the masses need more reassurance. In Datong, there has been panic buying of grain, toilet paper and soap in recent weeks.

If the vegetable market has supply problems, certain raw material markets verge on the chaotic. Shanghai newspapers which are forced to keep cover prices at Fen 5 (less than 1p) can only buy 30-40 per cent of the newsprint they need at a state-subsidised price and must buy the remainder at negotiated prices which are almost 400 per cent higher.

China's reformers are confident that prices will calm by the end of the year; they still believe that the country is about to take off in the manner of South Korea, Taiwan, and Singapore, with high growth fuelling higher growth. Yet, rising between their ambitions and reality is the brick wall of inflation.

Food market in China: likely to see further price rises

Alice Rawsthorn examines the plight of a merchant bank facing the prospect of having to buy a large unwanted stake in engineering

A bank hoist by its own petard

IN THE BYGONE days of the bull market the sight of a merchant bank securing the City's support for a middle-size company to bid for a company twice its size was far from unfamiliar. But times have changed, as Robert Fleming and Thomas Robinson have learnt to their cost.

Last week Fleming, a middle-rank merchant bank, informed Robinson, which made its name in the bull market as an acquisitive engineering group, that it had failed to complete the sub-underwriting for Robinson's bid for John Crowther, the textile company.

This means that, if Robinson's bid for Crowther succeeds, Fleming may be forced to buy the shares spurned by the institutions. It might have to spend up to £125m, half its capital, to acquire an unwanted stake in the engineering group. Meanwhile Robinson faces the threat of Fleming's stake depressing its share price indefinitely.

This cautionary tale began six weeks ago when Fleming, which had not previously acted for Robinson, approached it to suggest a bid for Crowther, one of the biggest carpet and clothing companies in Britain. In the event Coloroll, the ambitious home furnishing concern, launched a bid first. Undeterred, Robinson unveiled a counter bid.

A critical observer could conclude that the mess is all of their own making. What right did Fleming have to approach a company which was not one of its clients, and suggest that it bid for another business? And what right has Robinson, which does not have enough capital to finance a cash offer from its own resources, to expect the institutions to support a bid for a company twice its size in an industry it knows nothing about?

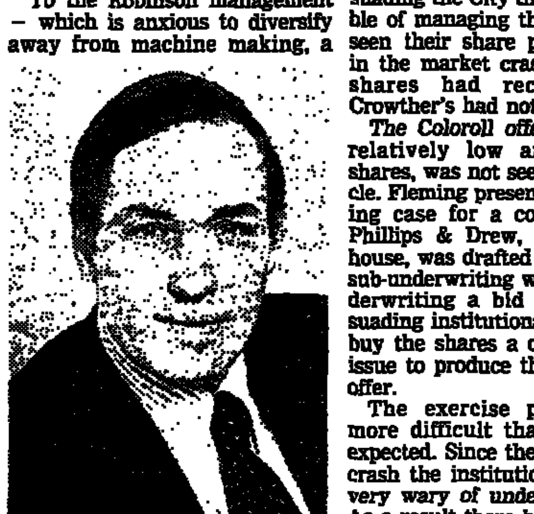
The less critical reply is that Fleming and Robinson did nothing that falls outside standard corporate practice. In recent years it has become commonplace for merchant banks to "cold call" companies and suggest prospective acquisitions. Similarly it is not unusual for middle-size companies – even one like Robinson which was virtually unheard of three years ago – to bid for bigger businesses.

The difference between this bid and the successful bids which preceded it is that, since the crash, the investment community has become markedly more cautious in its approach to takeovers. Before the crash a similar sub-underwriting exercise would probably have succeeded. But Fleming sought support for the Robinson bid in a far less clement climate.

Robert Fleming is a middle-size merchant bank with a respectable record. Mr Lawrence Banks, the head of corporate finance and the architect of the Robinson deal, is cast in a more aggressive mould than his rather donnish colleagues. But he perpetuates the bank's tradition for mild eccentricity by keeping a trowel in his desk to tend the foliage around the atrium of Fleming's headquarters.

Robinson, which mustered a turnover of £113m last year, is fairly typical of the sort of middle-size company which Fleming tends to advise. In the past two years, under the chairmanship of Mr Graham Rudd, it has been transformed – by dint of issuing shares into a receptive stock market – from a modest woodworking machinery maker in Lancashire, into a broadly based engineering group.

To the Robinson management – which is anxious to diversify away from machine making, a notoriously cyclical industry – the acquisition of Crowther offered an opportunity to move into new areas.



Crowther had also cut a dash by buying businesses in the bull market, but had been rather less successful than Robinson at persuading the City that it was capable of managing them. Both had seen their share prices collapse in the market crash. Robinson's shares had recovered, but Crowther's had not.

The Coloroll offer, which was relatively low and solely of shares, was not seen as an obstacle. Fleming presented a convincing case for a counterbid and Phillips & Drew, the securities house, was drafted in to lead the sub-underwriting with it. Sub-underwriting a bid involves persuading institutional investors to buy the shares a company must issue to produce the cash for an offer.

The exercise proved much more difficult than either had expected. Since the stock market crash the institutions have been very wary of underwriting bids. As a result there have been very few sub-underwritten cash offers. "Underwriting has always been a business of feast or famine, and today it is definitely famine," says one corporate financier.

● Lawrence Banks, Fleming's head of corporate finance

There was also criticism that Fleming and P&D had pitched the price of the shares too high. Yet most corporate financiers admit that nowadays banks are prepared to run greater risks with pricing than in the past.

A parallel problem was that the stock market sentiment towards Crowther had worsened since the Coloroll bid. There were rumours that Crowther's interim figures would be worse than expected and that its borrowings were worryingly high.

Whatever the reason, the sub-underwriting flopped and Fleming now faces the threat of being forced to buy any remaining shares. The eventual number of shares involved would be determined by the extent to which Crowther's shareholders choose the cash offer. Ironically the risk of the Fleming stake depressing Robinson's shares would probably persuade more shareholders to opt for cash.

In the most extreme case the bank would be left with a 32 per cent holding in Robinson. This would cost about £125m and, at the present Robinson share price, would represent a paper loss of about £8m, or £2.5m after fees and so on. Should the share price fall further – which it probably would – the losses would increase accordingly.

Under the Takeover Panel's rules Fleming would have to reduce its stake to below 30 per cent. Given that the stock market would anticipate the sale, the shares would almost certainly be placed at a discount to the market price.

Thereafter Fleming would face the tricky problem of how best to dispose of the remaining shares. In such circumstances a merchant banker's instinct is generally to sell the shares as quickly as possible. But Fleming will be acutely aware that selling the stake in a way which hurts the Robinson share price could damage its reputation among corporate clients.

As a privately owned company Fleming has more room for manoeuvre than other banks. But it could not leave its capital tied up in Robinson's shares for very long without limiting its ability to underwrite other deals.

Moreover its reputation will almost certainly suffer. Fleming cleared the sub-underwriting exercise with the Bank of England in advance and has not fallen foul of the Bank's guidelines on capital exposure. But it – and Phillips & Drew – may have lost face among institutional investors.

Robinson also faces a conundrum. The presence of Fleming as a substantial shareholder would depress its share price. But if the bank sold, Robinson could face the threat of some or all of the shares falling into the hands of a predator.

There is a possibility that Robinson's institutional investors will veto the bid – something that institutions are generally loath to do – at an extraordinary general meeting. Similarly, if Coloroll wins, the damage would be limited to Fleming's – and to a lesser extent Robinson's – reputation.

If Robinson does win control of Crowther its only real hope is that it can turn the business around swiftly and smoothly. Its share price would thus recover and Fleming could extricate itself with reasonably good grace.

But if Thomas Robinson ran into problems then both it and Robert Fleming would live with the legacy of their sub-underwriting debacle for a long time to come.

Letters to the Editor

Green field site development

From Dr A.S. Hearne.

Sir, Debate about the development of green field sites for housing has come to the fore again. Your leader (May 11), which reflects the political issues at stake, includes an important phrase: "the need to protect the countryside from insensitive development."

Those who oppose green field site developments do so either as a matter of principle or because it affects their personal environment. In neither case are they normally prepared to consider the possibility that the development being proposed may be sensitively designed and located. Proposals are not viewed objectively by those affected.

This is a pity, and does a disservice to the housebuilding industry. Of course, we can all point to examples of housing badly located, badly designed and poorly landscaped. But the industry in recent years has made an important commitment to improving the quality of its product both for its customers and for the community at large.

Considerable resources are now devoted to planning development in an environmentally sensitive way. This process could go further if those who instinctively object to proposals would be prepared to consider them with a more open mind.

Constructive suggestions as to how a development should be planned to integrate better with existing settlements and the surrounding countryside would be welcomed by the industry. Now that Mr Ridley has emphasised again that green field site development is necessary, I hope that such partnership approaches will become more possible.

After all – in Mr Ridley's words in his recent letter to Mr Heseltine – housing should not be regarded as "environmental pollution."

A.S. Hearne,
Rural Planning Service
Broadway House,
130c Broadway,
Didcot, Oxfordshire

UK aviation policy should take account of 1992

From Sir Colin Marshall.

Sir, In the shadow of the completion of the internal market in Europe, I welcome Mr John MacGregor's affirmation of Government policy (May 10) that, increasingly, the relevant market for the purposes of competition policy will be "Europe as a whole or even a wider international market."

His view, that "In many markets . . . a merger may create a situation in which there are only one or two UK suppliers which have a very high share of the UK market and which do not pose a serious threat to competition because of the potential competition from imports," is particularly relevant in the aviation sector.

The introduction of strong, European Community-based anti-trust rules to ensure effective competition between European carriers, as well as the emergence of a merger control function in Brussels, underlines the need for a radical re-appraisal of the UK interest in the aviation sector as we prepare for the internal European market in aviation.

Hitherto the regulatory control of the industry has derived from the idea of an airline's nationality (we have spoken in the past of "our" and "their" airlines); the market analysis has all but *excluded consideration of the* impact of foreign airlines (or "imports," in Mr MacGregor's phrase). In the economy of 1992 and beyond this is surely outdated.

The nationality of capital within Europe should play no part in the jurisdiction of the competition regulator, and competition from airlines not based in the UK should henceforth be given due weight. The UK aviation interest (both on the producer and consumer side) in Europe will be met by securing the continued strength of an industry which is established in the UK, and which is best able to exploit opportunities in Europe as they arise in future.

At the same time, the policy should not seek artificially to create – or for that matter exclude – competition between UK based airlines. If a market can bear competition, that competition should in principle be permitted.

National policies of positive discrimination against one company because it is large in terms of the UK market place (as currently proposed by the Civil Aviation Authority consultative paper in relation to British Airways), will not further public policy. Neither do they take account of the underlying point of Mr MacGregor's speech: that UK competition policy *can* be served *by companies having a large* domestic market share.

Colin Marshall,
Chief Executive, British Airways,
PO Box 10,
Heathrow Airport,
Hounslow, Middlesex

Individual investors singled out for heavier taxes

From Mr J.G.R. Rix.

Sir, While appreciating the Chancellor's steps towards reducing gains taxes on inflation – by moving the base date on long standing holdings to 1982 – the raising of the top rate of capital gains tax (CGT) to 40 per cent may claw back quite a high proportion of the "correction" and leave the UK individual investor *of moderate means considerably* worse off. It may also open the door to the tax being raised by any subsequent Chancellor.

First, in 1982 much of British industry was suffering the after effects of an overvalued £, as well as six years of socialism, and shares were often worth below "cost" several inflationary years earlier.

Second, capital value inflation has been far higher, since then, than the cost of living index, so CGT represents a tax on switching investments.

Third, the effect of takeover bids has been to force people to realise intended long term investments, thus further reducing scope for proper management of portfolios without incurring penal taxes.

One wonders if the Chancellor has realised that he has now singled out "the middle rich Brit" to be hit for taxes, and severely handicapped him/her thereby, in the management of resources and investments.

To single out the British individual investor to pay heavy taxes for, say, switching BP into ICI, is against the professed philosophy of the Conservative party, bad for British-owned wealth – and a further move from Victorian values, as the taxes collected from capital will no doubt be spent on revenue items by this Government and any succeeding UK Government.

J.G.R. Rix,
Wodehouse,
Liphook Road,
Headley,
Bordon, Hampshire

The floor still functions

From the Chairman, Birmingham Stock Exchange.

Sir I was alarmed to read (Weekend FT, May 1) that Glasgow was the only active stock exchange trading floor. A quick visit after the Bank holiday set my mind at rest, when I found that the Birmingham floor was still in place and trading as it has been for the last one hundred years. Our floor is the centre of a strong financial community. Please do not bury it alive.

I.D. Wade,
The Stock Exchange,
Birmingham

Satisfied complainant

From Mr M. Everson.

Sir, With reference to Sir Nicholas Goodison's letter (April 16) in reply to Clive Wolman ("Share buyers must continue to beware," April 9), I wish to place on record my complete satisfaction with the stock exchange surveillance division. Within a few weeks and with a minimum of fuss my complaint was dealt with. Though the amount involved was only £250, I could not have had better attention.

M. Everson,
6 Links Drive,
Lostock,
Bolton, Lancashire

Age shall not weary them

From Ms June Langfield.

Sir, Weekend FT's travel article (May 7) refers to "wrinklies and crumblies." I have never seen an article about a holiday for young people saying, for example, that it was for "sickies and snoggies." Why this rudeness to older people?

June Langfield,
Old Lodge,
Cosway Mansions,
Shroton Street, NW1

'The Government has opted out of the inner-city versus out-of-town shopping battle'

From Mr Bernard Tennant.

Sir, Paul Cheeseswright's article on the uncertainty of retail planning (May 6) comes at a time when frustration is high at the lack of any coherent policy guidance from the centre.

The Government has opted out of the "inner city versus out-of-town shopping" battle. That is clearly shown in the recent planning guidelines issued by the Department of the Environment. These guidelines, intended to aid planning authorities faced with significant retail development, clearly indicate a categorical emphasis on "no Government interference." That can only lead to planning authorities resigning themselves to the out-of-town pressure groups as an easy way of avoiding the problems of revitalising inner cities and town centres.

Modernisation and refurbishment of town centres is essential. Too few authorities have planning strategies designed to enhance the fringe areas of important centres – the secondary or tertiary areas. Time and will are needed if these fringe areas are to replace out-of-town developments as the safety valve on rental pressure at the centre.

The National Chamber of Trade has consistently called for a much firmer approach by the Government. Guidance should be issued in the form of a ministerial direction outlining a national planning strategy, requiring local planning authorities to observe a centrally-determined policy of controlled urban renewal for commercial and retail development.

Recently, at a forum organised by the Chamber, we heard the views of local councils, planners, retailers, consumers, investors and developers. A succession of speakers referred to:

■ The need for a strategic planning overview;
■ The growing nightmare for inner city consumers;
■ The need for investment safeguards;
■ A moratorium on out-of-town plans.

Rules are needed. The paramount need is for retailers to be able to make investment decisions against a background of reasonably certainty. It is not an issue between one retailer and another. It is a matter for the Government to remedy its own inconsistencies in planning decisions. If retailers do not invest in town centres, who will?

Something must be done, otherwise the unrestricted spread of out-of-town retail developments could leave an environmental misery of boarded-up shop fronts and blighted high streets.

Bernard Tennant,
National Chamber of Trade,
Enterprise House,
Henley-on-Thames, Oxfordshire

UK COMPANY NEWS

Christopher Parkes on the old Platignum pen company's changing shape

The unglamorous world of a tinker

DAVID LEEMING dreads the day his company's shares earn a mention in the penny share tip sheets.

"When they punt us we get another 3,000 shareholders the next day," he says. With 87m shares in issue and around 13,500 mainly private individuals on the register, the cost of keeping everyone up to date is irritatingly costly.

The chairman and managing director of Platignum reckons that in the past two years the company has spent up to £300,000 on fulfilling Stock Exchange requirements to distribute statutory circulars.

That is all part of the price he has had to pay in his bid to build something from the near-ruin he took in hand in 1982. If he can drag the Platignum share price out of the basement he can expect to see more stability and maybe an improvement in the quality of his register. At present he boasts only two institutional holders, accounting for about 2 per cent of the company's equity.

After two rights issues and a string of cautious and seemingly curious acquisitions, the old pen company is taking the shape of his grand design. However, classification remains difficult.

The emergent company can perhaps best be described as a sort of incorporated tinker. It supplies a rum mixture of apple corers, dish cloths, brooms, cutlery, scourers, buckets, cruets, doormats, baskets, washing up bowls, pencil cases, erasers and, of course, pens and markers to multiple retailers and cash-and-carry wholesalers.

Mr Leeming has latched on to a growing tendency for multiple operators to buy certain groups of products from a single source. He has focused on non-foods, with his entire range of stationery, household textiles, kitchen equipment and gardening aids fitting in the shelves somewhere between the detergent and the dog food in supermarkets and in the household sections of do-it-yourself stores.

"They are products with a design element but not fashion," he says. "Products which require marketing and broad distribution." Although they are profoundly unglamorous, and turnover of many of them is hardly speedy, they are mostly everyday necessities and as such have a place.

Mr Leeming's aim is to switch basic manufacturing, and concentrate instead on design, packaging and only "subsidiary" manufacturing mainly as a means of ensuring quality standards.

Looking for consolidation and growth, he has almost as many options as he has products. Margins could be improved by importing some textile products directly, he says. The company could brand itself better – Oaklea mats and Linresta bedding are hardly tip-of-the-tongue names – and there is money to be spent on establishing a more co-ordinated appearance through better packaging and presentation.

There is also investment to be made in acquisitions, and shareholders can probably expect to hear the call again. Six years ago, Mr Leeming points out, Platignum's market capitalisation was less than £1.5m, now it was nearer £10m (it was £20m at the halfway mark last year).

"I don't think anyone is in there for our dividend stream. They are there for the possibility of capital gain," he says. No small company should be afraid of going back to ask its shareholders for backing.

Sharp profits downturn

HALF-TIME forecasts of a recovery in Platignum's plastics division have proved wildly awry. The company's pre-tax profits for the year slumped from £241,000 to £67,000 after allowing for a £487,000 loss on the business of making mouldings for Black & Decker, Electrolux and the like, writes Christopher Parkes, Consumer Industries Editor.

The mouldings business has now been sold and the company said yesterday it was set to improve on last year's results at the operating level, with full contributions from recent acquisitions.

Turnover for the year to January 31 was 33 per cent higher at £17.87m, and operating profits rose 72 per cent to £872,000. Pre-tax profits before allowing for the loss came out at £554,000 compared with £241,000 last time.

Earnings per share were 0.13p (0.32p). There is no dividend.

Thorntons offer for sale

By Philip Coggan

THE offer-for-sale of Thorntons, chocolate retailer and manufacturer, was oversubscribed when applications closed yesterday. Thorntons was offering just under 17m shares, 27 per cent of the equity, at 125p each, valuing the company at £78.6m. Based on its forecast of £78.4m in pre-tax profits this year, the shares are on a prospective p/e of 15.

Precise details of the level of oversubscription and the basis of allocations will be announced on Monday. The offer is expected to have been respectably, rather than overwhelmingly, oversubscribed.

Stead & Simpson

Clayform Properties has purchased a further 175,000 "A" ordinary shares of Stead & Simpson, and now holds 29.99 per cent of Stead's ordinary equity and 7.46 per cent of the "A" ordinary.

BBA GROUP: The proposed acquisition of the Guthrie Corporation is not being referred to the Monopolies Commission.

Prestwich sells Bush Radio to Alba for £6m

BY CLAY HARRIS

Prestwich Holdings, the entertainment and leisure group, yesterday sold the consumer electronics distributor Bush Radio for £6m to Alba, the electrical goods importer.

Bush is the second historic British electronics brand to change hands this week. Unlike Caparo Industries' sale of the Fidelity name for £3.1m to Amstrad, however, Bush is bringing net tangible assets of £4.26m.

Prestwich is receiving less than half the £15m which it paid two years ago for Bush, then quoted on the USM. Prestwich, however, is retaining a freehold site of nearly 2¼ acres in Enfield, north London.

Mr Philip Keane, finance director, said yesterday that Prestwich had also taken out £2.7m in dividends during its ownership and sold Bush's shareholding in Amstrad for a £1.1m profit.

Nevertheless, Prestwich did lose money overall on the investment. Like many electronics suppliers, Bush has suffered from a squeeze on margins.

In the six months to December 31, Bush reported pre-tax profits of £680,000, against £1.4m in the same period of 1986. Turnover rose from £9.22m to £9.55m.

Most of Bush's products – like Alba's – are made in the Far East, with the exception of television sets which are supplied by Vestel, Turkish manufacturing subsidiary of Polly Peck International.

Prestwich, a leading producer of pre-recorded video cassettes, will retain the Bush name for this purpose.

Alba is paying £4m in cash and issuing 2m shares, 5.4 per cent of its enlarged share capital, to Prestwich, which has agreed to keep them at least until March 1989.

Bush will have to vacate the Enfield site within two years, although it can do it earlier with three months' notice. In the meantime it will pay Prestwich an annual rent of £150,000.

ROTORK has sold Jacques Rotork to management consortium for £700,000.

Stylo profit drops by 72%

BY CLAY HARRIS

Stylo, Bradford-based shoe retailer, yesterday reported sharply lower pre-tax profits of £428,000 for the year to January 30, only 28 per cent of the £1.53m achieved in the previous 12 months.

The single final dividend is maintained at 5p, even though earnings per share plummeted to 0.31p (5.67p).

Trading profits fell to £1.88m (£2.12m). All but £20,000 was wiped out by higher interest payments. Disposals of non-trading properties contributed £428,000 (£1.53m).

At the interim stage, Stylo blamed the nearly doubled loss of £1.31m on poor summer weather. It achieved the usual seasonal recovery in the second half, although the £1.73m profit still fell short of the comparable £1.87m for 1986-87.

Mr Arnold Ziff, chairman of the family-controlled company, said Stylo Barratt had continued the aggressive and costly refurbishment of its shops. Trading was encouraging in the first three months of the current year.

The group had cut stocks by reducing the number of lines, but still tried to ensure that all branches carried a comprehensive range of footwear. Barratt was introducing higher quality leather lines and reducing cheaper merchandise. A bonus system had been introduced for all staff.

Sales of riding boots reached record levels. Stylo said it intended to retain a UK manufacturing base for riding clothing and golf shoes. Export sales increased by 16 per cent.

Virani takes a 25% stake in Stonehill

By Clay Harris

Shares in Stonehill Holdings rose by nearly 50 per cent yesterday after the furniture group announced details of a reorganisation under which Mr Nazmu Virani's Control Securities will take a stake of up to 25 per cent.

Stonehill shares closed 19p higher at 62p, giving the company a market value of £10.4m.

The companies are jointly to develop 7.75 acres which Stonehill owns in Edmonton, north London. Its furniture manufacturing operations have been based on the site since 1945.

Stonehill said the link with Control Securities would allow it to expand its furniture activities without diverting resources into property development. It plans to rationalise UK furniture production and distribution and to consolidate import/export operations.

The group also said it had entered discussions which could lead to the acquisition of a furniture import and distribution business, or a joint venture.

Stonehill lost £2.24m before tax on sales of £13.1m in the year to April 5 1987. In March this year, plans to acquire design consultant David Hicks Group were called off.

As part of this week's changes, Mr James Buchanan, who led a consortium rescue of Stonehill last October, was appointed chairman, while Mr Anthony Fox became chief executive. Mr Fox had been reviewing manufacturing operations since January.

Mr Philip Steinberg and Mr Morris Steinberg, whose family formerly controlled Stonehill, have relinquished executive duties and become non-executive directors.

Metal Closures

Mr Richard Graves, chairman of Metal Closures Group, told the annual meeting that trading levels in the UK remained good.

He highlighted the recent purchases of the Lancepack companies and three companies from the Gilchrist family, which were positive forward moves.

In South Africa sales were at a record and margins good, but the weak Rand continued to depress the sterling conversion.

SE not to cancel F&H dealings after rights

BY VANESSA HOULDER

THE STOCK Exchange has decided not to cancel bargains transacted as a result of F&H Group's aborted rights issue – the first ruling of this kind it has had to make.

The Stock Exchange said yesterday that the decision had been made on the basis that anyone who takes up a rights issue is buying a provisional right to shares, that is valid only if the shares are created. It acknowledged that some investors would lose money as a result of the cancellation but said that there would inevitably be losers whichever way the decision had been made.

F&H the USM-quoted designer and supplier of industrial control systems, called off its £2.6m rights issue last week, following a discovery that its financial position was "significantly worse" than it thought at the time the offer was announced.

The company hopes to announce another rights issue, once its financial position has been clarified.

The Stock Exchange stated that bargains in new nil paid shares will stand. Bargains in the existing shares dealt 'ex rights' stand for normal settlement without any price adjustment. Outstanding nil paid bargains and rights claims will be settled on the basis that the buyer is deemed to have lodged lapsing instructions in accordance with rule 614(A). Delivery of outstanding items may be dispensed with but buyers shall nevertheless be required to make payment in settlement of nil paid bargains.

Shani forced onto USM

BY PHILIP COGGAN

The Stock Exchange has forced Shani, a textiles group, to join the Unlisted Securities Market rather than the main market because of a subsidiary that went into receivership three years ago.

Shani acquired 51 per cent of Rolfe Craig (Textiles) for just £20,400 in 1978. Although the company, which operated as a textile converter, cumulatively earned profits until 1983, it subsequently incurred heavy losses and went into receivership in April 1985 with a deficit of around £1m.

Late last week the Stock Exchange decided that, because of Rolfe Craig's problems, Shani effectively had a three year trading record rather than the five years necessary for a main market quote.

But Mr Martin Hollis, Shani's chairman and managing director, was putting a brave face on the switch. "Joining the USM will make no practical difference," he said.

Shani designs and manufactures ladies' and children's clothing for a range of retailers. By far the most important is C&A, which accounts for more than half the group's sales.

Pre-tax profits have grown from £384,000 in the year to July 31 1984 to £1.4m in 1987, and the company is forecasting not less than £2m for the current term.

Capel-Cure Myers is placing 3.56m shares, 25 per cent of the equity, at 95p each, giving Shani a market capitalisation of £13.5m. The prospective p/e at the placing price is just under 10 and the forecast gross dividend yield is 4.8 per cent. The bulk of the shares being placed are being sold by existing shareholders.

Prowting doubles profit to £13m

Prowting, the housebuilding group which is to seek a full listing shortly, lifted turnover 20 per cent to £63.97m and doubled pre-tax profit to £13m in the year ended February 29 1988.

Mr Terry Roydon, managing director, said the group again achieved 728 completions, but the concentration on margins rather than volume boosted profit. He expected the group to continue benefiting from demand for middle and upper price range units.

Gross profit rose to £17.96m (£12.7m) while net interest charges were cut to £1.58m (£2.89m). Earnings worked through at 16.2p (8.3p).

Bromsgrove in two deals to diversify

By Patrick Daniel

Bromsgrove Industries, the Midlands metals processor, is to pay £10.9m to acquire two companies – one involved in financial services – as part of its strategy to diversify into new "niche businesses".

Its latest targets are Neville Group, a financial services company in the Midlands, and Triman Holdings, a manufacturer of specialised plastic products.

Bromsgrove said the purchase of Neville for £3m – including its £2m office block in Edgbaston – would "introduce, on a small scale, a services operation to the group".

Neville currently manages funds totalling £12.5m and made a pre-tax profit of £121,000 in 1987.

Bromsgrove sees long-term growth potential in Neville, especially with the help of NZI Financial Corporation, the New Zealand-based financial services company, which is to increase its present shareholding in Bromsgrove from 1.9 per cent to 10.4 per cent.

NZI has agreed to take up a part of a vendor placing in connection with the acquisitions and anticipates playing a role in developing Neville's operations.

The £7m acquisition of Triman, based in Tamworth, West Midlands, will take Bromsgrove into the expanding plastics market.

Triman made a pre-tax profit, before exceptional items, of £856,000 for the 12 months to April 30 last year. One of its subsidiaries, Trisport, specialises in manufacturing plastic spikes and studs for the sports footwear industry.

EMAP takes a 35% stake in Bofoers

EMAP, newspaper, magazine and exhibitions group, has taken a 35 per cent stake in the newly-formed Bofoers Publishing Group. It has placed six of its smaller magazines into the new group to join the titles previously published by the constituent parts of Bofoers.

The titles involved on Bofoers side are the monthly Garage News and a number of annual publications associated with trade and engineering.

Mr Chris Boeree, chairman of Bofoers, said the partnership would more than double the company's size and take it closer to the goal of a flotation within the next five years.

●EMAP's offer for Associated Kent Newspapers, the newspaper publishing activities of Parrett and Neves, is to be recommended to shareholders. Parrett and Neves will be able to take up to half of the £8m consideration in new EMAP shares, with the balance in cash.

INCHCAPE is to seek shareholders' approval for a subdivision of the £1 ordinary shares into four units of 25p.

Giltvote claims 43% of EPIC

BY PHILIP COGGAN

Giltvote, the consortium led by Mr Stephen Wingate which is bidding for Estates Property Investment Company, announced yesterday that it now owned, or had acceptances for, 43.3 per cent of the EPIC equity.

Under the Takeover Panel's new rules, which require bidders to have full documentation before they can count all acceptances, not all of Giltvote's shares have "valid cover". On Thursday, Giltvote announced that it had bought a 6.1 per cent stake in EPIC from UK Land, which has not yet cleared through the system.

The percentage of EPIC's shares for which Giltvote has valid cover is 36.2 per cent; the other 7.1 per cent should become valid shortly.

Giltvote's recommended offer was increased on Thursday to 275p per share, the price at which it bought the UK Land stake. There is a rival bid of 260p per share from Peachey Property, which owns 33.2 per cent of EPIC outright and has consistently said that it was prepared to remain a minority shareholder if necessary.

Kleinwort purchase

Kleinwort Benson has acquired Parc and its associated rental companies. Parc specialises in designing, implementing and administering rental programmes for companies supplying high technology equipment.

Parc's marketing expertise was seen by Kleinwort as a natural complement to its own financial services activity. The total value of new assets to be put out on rental by Parc in the current year will be in excess of £300m.

WOLSELEY'S purchase of Familian Northwest will not be referred to the Monopolies Commission.

Crystalate profits drop midway

BY ANDREW HILL

PROFITS AT Crystalate Holdings, manufacturer of electronic components, fell 58 per cent to £1.68m before tax in the six months to March 31, against £4.02m in the equivalent period.

Two weeks ago the company warned of problems with its flexible circuit and micro-circuit divisions. Yesterday Crystalate announced it would put the flexible circuit operation up for sale. It is also going to close down the network component sector of Welwyn MicroCircuits, which has been dogged by serious problems, partly due, apparently, to technically defective materials from an outside supplier.

Provisions against the sale and closure made up an extraordinary loss of £3.35m, 55 per cent of which represented the closure of the networks operation.

This was slightly offset by £860,000 tax relief but Crystalate still incurred a loss of £1.23m at the attributable level, against profits of £2.91m in the six months to March 1987. Turnover increased from £47.9m to £54m.

A.P. Besson, the telecommunications subsidiary which experienced problems in the second half of 1986-87, needed further restructuring during the period.

The weakness of the dollar reduced profits by about £2m, according to the company.

Crystalate's shares put on 10p to close at 159p, 1p short of the price before last month's warning of poor results.

That statement was accompanied by the announcement of Mr Nigel McLean's resignation as non-executive chairman following a dispute over the appointment of a new chief executive, Mr Robert Eade. The former Environment Secretary, Lord Jenkin of Roding, became chairman.

Yesterday Lord Jenkin said the company expected an improved second half from Besson and the reorganised US subsidiary IRC, which performed sluggishly in the first six months.

Earnings per share declined from 8.8p to 3.98p, but the company has declared an unchanged interim dividend of 2.1p.

● **comment**

As soon as Crystalate sets one faulty subsidiary to rights another seems to go off the rails. If the group does recover from the latest setbacks, the new management's optimism cannot disguise the relatively low quality of the company's earnings. About 30 per cent of group business comes from telecommunications. Crystalate says it is reducing its dependence on this market, but it is still vulnerable to British Telecom cost-cutting or aggressive competition from GPT, the new GEC/Plessey joint venture. Meanwhile, the proportion of business drummed up in the automotive industry – first to feel the pinch in recession – continues to expand: it accounts for 9 per cent of turnover at the moment. This may reduce Crystalate's attractions to potential suitors, but there is still an opening for entrepreneurial bidders dedicated to squeezing margins in the existing businesses. Such faint hopes may have pushed up the share price yesterday but forecast pre-tax profits of between £5.6m and £6m still leave the shares looking fully-valued on a prospective multiple of about 13.

ECC £40m bond rate set at 6.5%

By Clay Harris

The interest rate on the £40m issue of convertible Eurobonds for English China Clays, the industrial minerals and construction group, has been set at 6.5 per cent. The bonds will convert at 480p, a 10.34 per cent premium over ECC's closing price of 435p on Thursday.

The issue, lead-managed by Schroders, was announced on Monday to finance ECC's $74.3m (£39.7m) acquisition of the calcium carbonate business of Cyprus Minerals of the US.

AJS clears Drayton plan

BY CLAY HARRIS

Revised reconstruction proposals for Drayton Japan Trust have won the formal backing of AJS Partners, the New Jersey-based partnership which led successful efforts to block earlier plans.

The proposals will allow shareholders in the investment trust to transfer either to Drayton Far Eastern Trust or to a new unit trust, MIM Britannia Drayton Japan. AJS, which holds 27 per cent of the trust, will elect entirely for units, according to general managing partner, Mr Andrew Schectel.

Since the partial unitisation is intended to give holders as close to net asset value as possible, a sticking point for earlier plans, elections for the unit trust will be met in full. However, elections for Drayton Far Eastern cannot exceed 15 per cent of Drayton Japan's total share capital.

The plan has won the irrevocable backing of 57.2 per cent of Drayton Japan ordinary shares and 62.8 per cent of voting rights. It will require the approval of 75 per cent at an extraordinary meeting on June 6, after which liquidation is scheduled for June 15 and first dealings for a week later.

COMPANY NEWS IN BRIEF

EUROMONEY PUBLICATIONS holding interim dividend at 5p, payable May 20. Turnover half year ended March 31 1988 was £13.23m (£9.6m) and pre-tax profit £2.4m (£2.36m).

FISONS said the unsponsored American Depository Receipts held by US investors will now be sponsored through Morgan Guaranty Trust of New York.

FRAMLINGTON GROUP: Throgmorton Trust's increased and recommended offer declared unconditional and will remain open until further notice. Acceptances received in respect of 17.26m (58.5 per cent), bringing total owned by Throgmorton Trust to 20.73m (70.2 per cent).

GKN chairman said demand remained satisfactory, and profits for four months ahead of last year.

GREENE KING & Sons has acquired a 30 per cent shareholding inEast-Anglian-based Rollerbury, a private company operating in the leisure sector, for an initial consideration of £1m. Further consideration of up to £1m is dependent on Rollerbury profits for the year ending March 1989.

PHILIP HARRIS Holdings is acquiring a 30 per cent interest in Novara, maker of disposable laboratory products, for a total of £216,040 cash.

STODDARD HOLDINGS has declared its offer for Sekers International unconditional in all respects. Offer has been accepted by holders of 82 per cent. Stoddard now holds 91.22 per cent of ordinary capital. Offer remains open for further acceptance.

S.JEROME & SONS trading in opening four months showed sales well ahead from full capacity working, annual meeting told. Orders on hand encouragingly higher.

LONDON ATLANTIC Investment Trust: Net asset value 318.6p at end-March 1988 against 336.3p a year earlier. Final dividend 5.75p (5.15p) for a 7.85p (7.25p) total. Net revenue £915,000 (£857,000) after tax of £316,000 (£354,000).

LONDON & METROPOLITAN is to acquire the Queensway Hotel, Edinburgh, and plans to demolish the hotel and build an office block of about 20,000 sq ft on the site. The company has let 34 Melville Street, Edinburgh, to Legal and General Assurance for a sum above the asking rent of £50,000 per annum.

OVERSEAS INVESTMENT Trust reports earnings of 0.7p for half year ended March 31 1988 (0.72p adjusted) and interim dividend held at 0.5p. Gross revenue £721,000 (£634,000). Net asset value 221.5p (246.5p).

PILKINGTON'S acquisition of Pilkington ACI will not be referred to the Monopolies Commission.

ROTHMANS INC made profits of $30.4m for year ended March 31 1988 ($99.5m including discontinued operations $80.9m) on sales $413.9m ($284.5m). Earnings from continuing operations 5.21 cents (3.07c). Quarterly dividend 40 cents.

Central & Sheerwood cuts losses to £2.3m

BY JOHN MURRELL

Central & Sheerwood, the subject of a complicated capital reconstruction package early last summer, reduced its losses from £3.72m to £2.3m pre-tax for the 12 months to December 31 1987.

Turnover fell from £40.74m to £38.37m, of which £29.91m was generated by the continuing operations – engineering, printing and publishing.

The directors, headed by chairman Mr Richard Rimington, said that of the overall £1.8m loss £1.17m was attributable to the businesses which had continued since last June's reconstruction.

These are A.L. Dunn, Burbage Engineering and Coventry Apex. From their turnover of £29.91m they achieved an operating profit of £0.45m before charging exceptional costs of £1.43m which arose principally from reorganisation, redundancy and rationalisation costs, and interest of £0.18m.

The directors said that the results of Dunn continued to be adversely affected by production difficulties. Coventry Apex, which contributes over 40 per cent of continuing businesses' turnover, achieved a satisfactory increase in profits.

Work has now started on an extensive capital programme at Dunn designed to modernise its production facilities. The business was affected by the strike at Ford in the first quarter but it was now making up lost ground and its order book was described as satisfactory.

The directors said that Coventry Apex had leased an adjacent factory, doubling its production space, to provide capacity for the substantial new orders it received in 1987.

They added that although both businesses were enjoying a much sounder trading position as a result of the introduction of new management and other changes made since last June, shareholders should appreciate that their profitability and financial resources still needed to be greatly increased before dividends could be resumed – the last payment was 0.3p for the 1982 year.

For the past year the loss per 5p share emerged at 1.07p compared with 1986's 2.62p. Loss per share of the continuing activities worked through at 0.61p.

The company last made a profit (£41,000) in 1982 but two years later fell £12.71m into the red at the pre-tax level.

Part of the 1987 complex rescue package involved the sale of assets, mostly to companies run by Mr Robert Maxwell. Along with Mr Rimington, Mr Maxwell's son, Kevin, and Mr Colin Robinson were appointed directors of Central & Sheerwood.

Following the reconstruction Mr Maxwell's Pergamon Holdings ended up with a 29.5 per cent stake in the company.

DIVIDENDS ANNOUNCED

		Current payment	Date of payment	Corres - ponding div	Total for year	Total last year
Crystalate	int	2.1	July 29	2.1	-	5.85
Overseas Inv	int	0.5	-	0.5*	-	1.78*
Stylo	fin	5	Oct 1	5	5	5
Whitbread Inv	fin	6.4	July 29	5.65	9.2	8.25

Dividends shown pence per share net except where otherwise stated. *Equivalent after allowing for scrip issue. †On capital increased by rights and/or acquisition issues. §USM stock. §§Unquoted stock. ¶Third market.

LONDON RECENT ISSUES

EQUITIES

Issue Price p	Amount Paid up	Latest Renunc. date	1988 High	1988 Low	Stock	Closing Price p	+ or -	Net Div.	Times Cov'd	Gross Yield	P/E Ratio
†	F.P.	-	199	184	Acre Oil 50p	187	-2	W3.5	2.1	2.5	25.4
330	120	-	80	68½	British Petroleum	70½	+½	R12.5	[illegible]	[illegible]	[illegible]
§80	F.P.	-	100	80	♦Central Motor Auctions	98		[illegible]	[illegible]	[illegible]	[illegible]
§150	F.P.	-	174	150	♦Clinton Cards 10p	171	+1	b2.6	2.6	2.0	21.8
-	F.P.	-	18	[illegible]	Colleys Hldgs. Wrrnts	17					
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

FIXED INTEREST STOCKS

Issue Price £	Amount Paid up	Latest Renunc. Date	1988 High	1988 Low	Stock	Closing Price £	+ or -
100	F.P.	-	113p	112p	Advance group 7¾pc Cv. Cm. Rd. Prf	113p	-2
§94¼	25.56	-	94½	94½	Capital & Counties 9¾pc 1st Mort. Db	94½	+¼
100	35p	4/8	39¼p	38p	Co-op Bank 9.42% Cum. Ind. Prf 2013	39½p	+½
100	F.P.	-	100p	98p	Hodgson Hldgs. Cv. Prf. 5p	98p	
100	F.P.	-	76p	69p	[illegible] 5¼pc Cv Cm Red Prf	76p	
§100p	40	-	41½p	40p	LIT Hldgs 9.47pc Cm. Rd. Prf 1996-00	40p	
-	F.P.	-	100⅛	99⅞	[illegible] 9⅞pc Bd 17.4.89	99⅞	-⅛
-	F.P.	-	100¼	99⅞	Do. 9⅞pc Bd. 8.5.89	99⅞	+⅛
100	Nil	24/5	20pm	15pm	Sound Diffusion 7¼pc Cv Cm Rd Prf	[illegible]	+½
§	Nil	16/5	107½	104¼	Slough Estates 6pc Cv Bd 2003	107½	-1
100	F.P.	11/5	135p	123p	SD-Scicon 6¼pc Cm Cv Rd Pf	135p	
100	Nil	24/5	700pm	250pm	Tate & Lyle Non-Int Cv Uns Ln 1989	400pm	+1

"RIGHTS" OFFERS

Issue Price p	Amount Paid up	Latest Renunc. Date	1988 High	1988 Low	Stock	Closing Price p	+ or -
247	Nil	-	36pm	32pm	Alphameric 5p	34pm	
27	Nil	17/5	2pm	½pm	Astra Hldgs. 5p	½pm	
250	Nil	22/7	13½pm	12½pm	Barclays £1	13½pm	-½
204	Nil	-	12pm	6pm	Concorde Energy Units	11pm	
100	Nil	-	4pm	2½pm	[illegible]	4pm	
30	Nil	-	10pm	1½pm	[illegible]	4pm	
75	Nil	-	4pm	3pm	[illegible]	12pm	+2
30	Nil	14/6	8pm	1½pm	[illegible]	3pm	-1
90	Nil	-	21pm	15pm	[illegible]	15pm	-½
90	Nil	-	18pm	11pm	Scantronic 10p	15pm	
5	Nil	15/6	41pm	31pm	[illegible]	40pm	

a Annualised dividend. b Figures based on prospectus estimate. d Dividend rate paid or payable on part of capital; cover based on dividend on full capital. g Assumed dividend and yield. u Forecast, or estimated annualised dividend rate; cover based on previous year's earnings. F Estimated annualised dividend, cover and p/e based on latest annual earnings. H Dividend and yield based on Prospectus or other official estimates for 1988. Q Gross. R Forecast annualised dividend, cover and p/e ratio based on prospectus or other official estimates. W Pro Forma figures. ¶ Issued by tender. ‡ Offered to holders of ordinary shares as a "rights". †† Reintroduction. ¶ Issued in connection with reorganisation merger or takeover. § Allotment letters. ♦ Unlisted securities market. ◆ Official London listing. C Including warrants entitlement. * Third market.

FT – ACTUARIES WORLD INDICES

Jointly compiled by the Financial Times, Goldman, Sachs & Co., and Wood Mackenzie & Co. Ltd., in conjunction with the Institute of Actuaries and the Faculty of Actuaries

NATIONAL AND REGIONAL MARKETS	THURSDAY MAY 12 1988					WEDNESDAY MAY 11 1988			DOLLAR INDEX		
Figures in parentheses show number of stocks per grouping	US Dollar Index	Day's Change %	Pound Sterling Index	Local Currency Index	Gross Div. Yield	US Dollar Index	Pound Sterling Index	Local Currency Index	1988 High	1988 Low	Year ago (approx)
Australia (88)	118.06	-1.9	92.85	102.16	4.31	120.38	94.58	103.37	122.50	91.16	139.06
Austria (16)	90.82	+0.1	71.43	79.07	2.65	90.69	71.25	79.07	98.18	84.35	89.69
Belgium (65)	127.15	+0.7	100.00	110.06	4.54	126.25	99.19	110.06	139.89	99.14	122.33
Canada (125)	118.57	-0.2	93.26	105.74	3.19	118.81	93.34	105.99	125.49	107.06	131.09
Denmark (39)	120.41	-0.2	94.70	105.75	2.74	120.65	94.79	105.75	123.36	111.42	117.99
Finland (25)	129.30	-0.8	101.70	108.46	1.94	130.29	102.36	109.29	130.29	106.78	–
France (121)	88.68	-0.1	69.75	79.22	4.05	88.76	69.74	79.22	90.19	72.77	119.51
West Germany (99)	72.44	-0.1	56.98	63.23	2.93	72.51	56.97	63.23	80.79	67.78	94.02
Hong Kong (46)	99.81	-1.2	78.50	100.14	4.56	101.01	79.36	101.30	105.83	84.90	112.66
Ireland (18)	122.09	-0.6	96.03	108.23	4.27	122.80	96.48	108.65	123.91	104.60	131.65
Italy (102)	73.23	-2.2	57.60	68.37	2.76	74.88	58.83	69.77	81.74	62.99	104.61
Japan (456)	172.62	-0.3	135.77	135.58	0.53	173.17	136.06	136.01	177.27	133.61	159.53
Malaysia (36)	129.88	-0.4	102.15	128.99	2.81	130.36	102.42	129.51	133.24	107.83	161.37
Mexico (14)	133.36	-0.5	104.89	333.17	1.50	134.09	105.35	335.73	176.90	90.07	166.45
Netherland (38)	104.59	-0.1	82.26	89.86	5.16	104.70	82.26	89.86	110.66	95.23	119.38
New Zealand (22)	76.87	-0.8	60.46	59.32	5.54	77.52	60.90	59.82	79.15	64.42	93.27
Norway (25)	113.90	-0.4	89.58	95.27	3.18	114.36	89.85	95.27	132.23	98.55	133.54
Singapore (26)	110.84	-0.5	87.18	102.39	2.44	111.35	87.49	102.81	114.93	97.99	134.62
South Africa (60)	122.99	-0.4	96.73	79.08	5.31	123.46	97.00	79.08	139.07	118.16	173.93
Spain (42)	146.62	-1.9	115.32	124.13	3.47	149.39	117.38	126.36	155.36	130.73	111.51
Sweden (38)	120.76	-0.3	94.98	105.26	2.68	121.12	95.16	105.26	124.75	96.92	117.84
Switzerland (56)	76.29	-0.1	60.00	66.00	2.59	76.40	60.03	66.00	86.75	76.22	100.00
United Kingdom (329)	138.66	+0.8	109.06	109.06	4.41	137.62	108.13	108.13	141.18	123.09	147.57
USA (581)	103.42	+0.3	81.34	103.42	3.76	103.13	81.03	103.13	110.51	99.19	120.32
Europe (1013)	107.04	+0.1	84.19	89.41	3.93	106.93	84.02	89.25	110.71	97.01	122.19
Pacific Basin (674)	167.64	-0.4	131.85	132.82	0.71	168.27	132.21	133.29	172.26	130.81	156.96
Euro-Pacific (1687)	143.40	-0.2	112.79	115.59	1.68	143.74	112.93	115.81	147.53	120.36	143.09
North America (706)	104.23	+0.2	81.98	103.57	3.72	103.97	81.69	103.32	111.28	99.78	120.89
Europe Ex. UK (684)	87.50	-0.5	68.82	77.03	3.48	87.95	69.10	77.37	92.81	80.27	106.45
Pacific Ex. Japan (218)	107.53	-1.5	84.58	97.37	4.33	109.17	85.78	98.43	111.90	87.51	125.71
World Ex. US (1886)	142.34	-0.2	111.95	114.99	1.76	142.67	112.09	115.21	146.49	120.26	143.01
World Ex. UK (2138)	126.23	-0.2	99.28	111.22	2.16	126.44	99.34	111.38	130.28	111.77	132.83
World Ex. So. Af. (2407)	127.35	-0.1	100.16	111.23	2.36	127.44	100.13	111.29	130.96	113.26	133.88
World Ex. Japan (2011)	105.58	+0.1	83.04	98.24	3.84	105.46	82.86	98.07	110.99	100.00	122.08
The World Index (2467)	127.33	-0.1	100.14	111.01	2.38	127.42	100.11	111.06	130.92	113.37	134.14

Base values: Dec 31, 1986 = 100; Finland: Dec 31, 1987 = 115.037 (US $ Index), 90.791 (Pound Sterling) and 94.94 (Local).

Latest prices were unavailable for this edition.

Markets closed May 12: Austria, Belgium, Denmark, France, West Germany, Netherland, Norway, South Africa, Sweden and Switzerland.

FT-ACTUARIES INDICES

These Indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

	EQUITY GROUPS & SUB-SECTIONS (Figures in parentheses show number of stocks per section)	Fri May 13 1988 Index No.	Day's Change %	Est. Earnings Yield% (Max.)	Gross Div. Yield% (Act at (25%)	Est. P/E Ratio (Net)	xd adj. 1988 to date	Thu May 12 Index No.	Wed May 11 Index No.	Tue May 10 Index No.	Year ago (approx) Index No.	1988 High	1988 Low	Since Compilation High	Since Compilation Low
1	CAPITAL GOODS (207)	753.75	+0.7	10.29	4.02	12.13	9.56	748.73	742.10	760.30	918.53	778.80 18/3	706.80 8/2	1038.07 16/7/87	50.71 13/12/74
2	Building Materials (29)	973.74	+0.7	11.05	4.02	11.17	8.08	967.16	956.62	988.66	1158.75	1049.17 18/3	937.68 8/2	1381.88 16/7/87	44.27 11/12/74
3	Contracting, Construction (34)	1549.29	+0.4	10.36	3.42	12.77	23.97	1543.58	1533.91	1571.47	1537.37	1623.61 22/3	1385.83 4/1	1951.50 16/7/87	71.48 2/12/74
4	Electricals (12)	2022.97	+0.9	9.55	4.93	13.82	23.78	2004.23	1995.92	2047.32	2333.91	2119.41 4/3	1946.87 6/4	2733.45 20/7/87	84.71 25/6/62
5	Electronics (32)	1615.96	+1.8	10.19	3.32	12.84	13.14	1586.62	1562.36	1598.64	2108.43	1621.43 28/4	1423.66 9/2	2236.70 17/7/87	1229.02 8/10/85
6	Mechanical Engineering (56)	387.38	.....	10.10	4.42	12.36	6.53	387.38	384.69	393.31	506.57	403.88 18/3	367.20 8/2	544.57 14/10/87	45.43 5/1/75
8	Metals and Metal Forming (7)	443.46	+0.3	10.24	3.98	11.79	3.99	442.16	440.13	451.85	498.53	474.21 18/3	424.40 19/2	596.67 9/10/87	49.65 6/1/75
9	Motors (13)	268.35	+0.2	11.90	4.56	9.73	4.86	267.81	268.48	278.67	340.30	295.13 10/3	259.79 5/4	411.42 13/10/87	19.91 6/1/75
10	Other Industrial Materials (24)	1242.56	+0.1	9.28	4.49	12.82	20.98	1240.78	1230.76	1253.97	1519.61	1299.50 18/3	1191.81 8/2	1736.80 22/9/87	277.55 15/1/81
21	CONSUMER GROUP (187)	1055.97	+0.7	8.90	3.56	14.29	7.64	1048.50	1038.09	1062.11	1261.62	1089.38 18/3	996.55 8/2	1406.32 16/7/87	61.41 13/12/74
22	Brewers and Distillers (21)	1096.96	+1.0	10.40	3.55	12.18	7.78	1086.12	1067.52	1094.02	1178.12	1163.51 27/4	951.87 8/2	1269.35 16/7/87	69.47 13/12/74
25	Food Manufacturing (23)	895.16	+0.9	8.92	3.74	14.36	8.45	887.59	887.93	906.65	961.42	929.41 27/4	803.48 6/4	1092.25 16/7/87	59.67 11/12/74
26	Food Retailing (15)	2081.15	+0.6	8.24	3.17	16.23	12.96	1988.83	1971.82	2020.54	2398.82	2179.42 10/3	1971.59 16/2	2649.96 16/7/87	54.25 11/12/74
27	Health and Household (12)	1781.94	+0.8	6.98	2.68	17.15	10.89	1767.36	1744.76	1782.91	2371.80	1927.94 18/3	1708.33 13/1	2699.85 16/7/87	175.38 28/5/80
29	Leisure (30)	1285.63	+1.0	8.09	3.68	15.80	11.92	1273.26	1257.93	1293.85	1312.67	1310.60 18/3	1142.19 4/1	1504.79 13/10/87	54.83 9/1/75
31	Packaging & Paper (17)	491.78	.....	9.15	3.90	14.27	5.79	491.80	487.24	498.45	657.97	524.57 4/3	473.11 6/4	739.48 16/7/87	43.46 6/1/75
32	Publishing & Printing (16)	3295.99	-0.3	8.37	4.49	15.06	43.53	3304.86	3275.33	3366.58	3747.29	3632.86 4/3	3265.99 25/4	5870.66 5/10/87	55.08 6/1/75
34	Stores (35)	813.97	+0.9	9.94	3.90	13.36	2.36	806.92	798.39	816.01	1089.58	859.85 28/1	789.39 10/2	1168.58 29/7/87	52.63 6/1/75
35	Textiles (18)	589.25	-0.4	11.43	4.19	10.16	4.92	591.58	586.41	592.75	728.25	628.72 27/4	546.27 19/2	914.52 2/10/87	62.66 11/12/74
40	OTHER GROUPS (93)	864.44	+0.6	10.85	4.35	11.38	8.67	859.22	850.94	867.86	1076.13	912.74 18/3	834.42 8/2	1192.48 8/10/87	58.63 6/1/75
41	Agencies (19)	1115.16	+0.1	7.14	2.38	17.78	9.79	1113.99	1099.51	1126.94	1470.32	1219.02 18/3	1016.74 8/2	1795.57 17/7/87	878.35 4/12/87
42	Chemicals (20)	991.06	+0.4	12.09	4.90	10.13	21.27	987.02	983.34	1002.90	1316.26	1121.06 6/1	971.71 5/4	1545.46 5/10/87	71.20 1/12/74
43	Conglomerates (14)	1164.57	+0.6	10.26	4.58	11.34	9.47	1157.50	1152.53	1174.66	1344.95	1206.32 4/3	1095.37 4/1	1547.01 8/10/87	975.19 10/11/87
45	Shipping and Transport (12)	1897.65	+0.9	9.91	4.48	13.22	21.37	1879.82	1860.71	1896.57	2174.47	1992.59 23/3	1718.96 4/1	2497.85 16/7/87	90.80 29/6/62
47	Telephone Networks (2)	950.21	+0.8	11.33	4.33	11.75	0.00	942.30	929.14	945.98	1183.46	998.54 18/3	880.24 12/1	1274.14 9/6/87	517.92 30/11/84
48	Miscellaneous (26)	1116.36	+0.5	11.87	4.52	9.56	18.94	1111.15	1096.92	2120.49	1409.49	1217.48 23/3	1096.92 11/5	1773.78 5/10/87	60.39 6/7/75
49	INDUSTRIAL GROUP (487)	935.65	+0.7	9.79	3.89	12.81	8.79	929.40	920.50	941.32	1136.83	971.78 18/3	887.80 8/2	1268.86 16/7/87	59.01 13/12/74
51	Oil & Gas (13)	1818.99	+0.6	10.62	5.62	12.15	38.80	1808.37	1808.43	1836.99	2117.99	1874.40 19/4	1699.17 13/1	2458.68 16/7/87	87.23 29/5/62
59	500 SHARE INDEX (500)	1010.23	+0.7	9.91	4.14	12.71	11.32	1003.60	995.39	1016.91	1219.33	1047.48 18/3	958.79 5/2	1369.88 16/7/87	63.49 13/12/74
61	FINANCIAL GROUP (121)	665.66	-0.4	–	4.99	–	12.54	668.34	661.95	672.48	745.24	688.20 18/3	630.02 8/2	896.67 13/10/87	55.88 13/12/74
62	Banks (8)	622.67	-0.6	22.87	6.54	5.86	18.03	626.24	621.57	629.95	791.96	694.27 4/3	610.26 7/4	898.38 16/7/87	62.44 12/12/74
65	Insurance (Life) (8)	976.01	-1.0	–	5.14	–	24.97	985.37	968.94	988.60	1034.78	1031.34 18/3	938.43 9/2	1285.72 9/10/87	44.88 2/1/75
66	Insurance (Composite) (7)	526.01	-0.4	–	5.63	–	11.15	528.05	531.44	537.68	547.05	543.99 4/3	481.43 8/2	707.58 13/10/87	43.96 13/12/74
67	Insurance (Brokers) (7)	917.64	-0.9	10.65	6.92	12.17	26.67	925.58	905.58	921.99	1213.38	945.08 22/1	823.41 6/4	1399.56 17/7/87	65.86 16/12/74
68	Merchant Banks (11)	343.27	+0.4	–	4.19	–	3.81	341.93	337.50	342.31	385.45	361.64 15/3	334.73 5/4	547.59 12/10/87	31.21 7/1/75
69	Property (51)	1164.54	-0.1	4.83	2.67	26.63	5.18	1165.81	1143.96	1164.68	1114.51	1168.89 9/5	975.44 4/1	1374.86 16/7/87	56.01 20/4/65
70	Other Financial (29)	377.55	-0.1	10.66	4.66	11.81	4.95	378.04	377.32	384.56	480.38	401.37 22/3	370.51 8/2	603.48 16/7/87	33.29 17/12/74
71	Investment Trusts (81)	862.86	+0.5	–	3.00	–	5.94	858.97	854.11	871.27	1006.69	891.36 18/3	784.91 4/1	1207.90 5/10/87	71.12 13/12/74
81	Mining Finance (2)	473.95	-0.4	10.19	3.97	11.09	8.12	475.69	471.65	480.83	525.70	482.90 3/5	385.84 8/2	727.93 3/8/87	66.31 30/9/74
91	Overseas Traders (8)	1026.94	+0.5	10.93	5.39	10.74	28.39	1021.96	1017.71	1037.31	1043.43	1049.67 27/4	969.88 4/1	1364.12 13/10/87	97.37 6/1/75
99	ALL-SHARE INDEX (712)	919.01	+0.5	–	4.24	–	11.39	914.78	907.13	925.83	1092.15	951.46 18/3	878.19 8/2	1238.57 16/7/87	61.92 13/12/74

	Index No.	Day's Change	Day's High	Day's Low	May 12	May 11	May 10	May 9	May 6	Year ago	1988 High	1988 Low	Since Compilation High	Since Compilation Low
FT-SE 100 SHARE INDEX ♦	1781.8	+9.5	1782.8	1774.7	1772.3	1756.8	1792.6	1794.9	1801.1	2189.7	1855.5 18/3	1694.5 8/2	2443.4 16/7/87	986.9 23/7/84

FIXED INTEREST

	PRICE INDICES	Fri May 13	Day's change %	Thu May 12	xd adj. today	xd adj. 1988 to date
	British Government					
1	5 years	123.33	+0.28	122.98	–	4.39
2	5-15 years	141.22	+0.52	140.49	–	4.60
3	Over 15 years	149.26	+0.54	148.46	–	6.10
4	Irredeemables	166.26	+0.79	164.95	–	6.08
5	All stocks	137.68	+0.45	137.06	–	4.76
	Index-Linked					
6	5 years	126.26	+0.31	125.87	–	0.51
7	Over 5 years	120.27	+0.33	119.88	–	1.18
8	All stocks	120.58	+0.32	120.19	–	1.12
9	Debentures & Loans	119.21	+0.01	119.19	–	4.49
10	Preference	92.50	+0.19	92.32	–	2.75

	AVERAGE GROSS REDEMPTION YIELDS		Fri May 13	Thu May 12	Year ago (approx.)	1988 High	1988 Low
	British Government						
1	Low	5 years	8.74	8.84	7.68	9.14 13/1	8.38 18/4
2	Coupons	15 years	9.12	9.18	8.70	9.83 13/1	8.90 18/4
3		25 years	9.00	9.06	8.72	9.57 13/1	8.82 18/4
4	Medium	5 years	9.17	9.27	8.63	9.85 13/1	8.75 18/4
5	Coupons	15 years	9.35	9.41	8.91	10.01 13/1	9.12 15/3
6		25 years	9.18	9.21	8.92	9.79 13/1	8.99 14/3
7	High	5 years	9.27	9.37	8.79	9.94 13/1	8.84 18/4
8	Coupons	15 years	9.49	9.55	9.03	10.16 13/1	9.26 15/3
9		25 years	9.22	9.26	8.88	9.82 13/1	9.03 15/3
10	Irredeemables		8.96	9.05	8.77	9.51 13/1	8.65 18/4
	Index-Linked						
11	Inflation rate 5%	5yrs.	2.50	2.59	2.22	3.08 8/1	2.09 30/3
12	Inflation rate 5%	Over 5 yrs.	3.75	3.76	3.48	4.27 13/1	3.67 13/4
13	Inflation rate 10%	5yrs.	1.61	1.69	1.74	3.59 13/1	1.09 30/3
14	Inflation rate 10%	Over 5 yrs.	3.60	3.61	3.38	4.37 13/1	3.50 20/4
15	Debs & Loans	5 years	10.32	10.33	9.61	11.08 13/1	10.29 5/5
16		15 years	10.63	10.63	9.99	11.07 1/1	10.51 19/4
17		25 years	10.68	10.68	10.04	11.11 1/1	10.51 19/4
18	Preference		9.67	9.69	10.33	10.84 4/1	9.67 11/5

♦Opening index 1779.6; 10 am 1774.7; 11 am 1778.5; Noon 1779.2; 1 pm 1778.6; 2 pm 1778.3; 3 pm 1781.5; 3.30 pm 1781.8; 4 pm 1782.5

CONSTITUENT CHANGES: Framlington Group(70) and TR Technology Inv. Tst.(71) have been deleted. Delta Group(65) has changed to Delta.

Equity section or group	Base date	Base value	Equity section or group	Base date	Base value	Equity section or group	Base date	Base value
Agencies	31/12/86	1114.07	Overseas Traders	31/12/74	100.00	Mining Finance	29/12/67	100.00
Conglomerates	31/12/86	1114.07	Mechanical Engineering	31/12/71	153.84	All Other	10/4/62	100.00
Telephone Networks	30/11/84	517.92	Industrial Group	31/12/70	128.20	British Government	31/12/75	100.00
Electronics	30/12/83	1646.65	Other Financial	31/12/70	128.06	Do. Index-linked	30/4/82	100.00
Other Industrial Materials	31/12/80	287.41	Food Manufacturing	29/12/67	114.13	Debs & Loans	31/12/77	100.00
Health/Household Products	30/12/77	261.77	Food Retailing	29/12/67	114.13	Preference	31/12/77	76.72
Other Groups	31/12/74	63.75	Insurance Brokers	29/12/67	96.67	FT-SE 100 Index	30/12/83	1000.00

† Flat yield. A list of constituents is available from the Publishers, The Financial Times, Bracken House, Cannon Street, London EC4P 4BY, price 15p, by post 32p.

TRADING VOLUME IN MAJOR STOCKS

The following is based on trading volume for Alpha securities dealt through the SEAQ system yesterday until 5 pm.

Stock	Volume 000's	Stock	Volume 000's	Stock	Volume 000's
ASDA Group	873	General Accident	533	Prudential	625
Allied-Lyons	1,500	Gen. Elect.	9,200	Racal	6,000
Amstrad	1,700	Glaxo	699	Rank Org.	554
Argyll Group	961	Globe Investment	117	RMC	545
Assoc. Brit. Foods	421	Granada	296	Redland	93
BAA	2,900	Grand Met	2,100	Reckitt & Colman	232
BAT	2,700	GUS "A"	444	Reed Int.	1,100
BET	1,800	Guardian R.E.	288	RTZ	[illegible]
BICC	851	GKN	1,100	Saatchi & Saatchi	[illegible]
BOC	691	Guinness	831	Sainsbury	[illegible]
BTR	2,900	Hanson	7,600	Scott & Newcastle	[illegible]
Barclays	575	Hawker Siddeley	375	Sears	3,000
Bass	403	Hillsdown Holdings	582	Shell Transport	[illegible]
Blue Arrow	4,100	ICI	745	Smith & Nephew	[illegible]
Blue Circle	[illegible]	Jaguar	[illegible]	Standard Chartered	702
Boots	1,700	Ladbroke	[illegible]	STC	[illegible]
Brit. Airways	[illegible]	Land Securities	41	Storehouse	[illegible]
Brit. Aerospace	[illegible]	Legal & General	3,000	Sun Alliance	[illegible]
Brit. & Comm.	[illegible]	Lloyds Bank	643	T & N	[illegible]
British Gas	[illegible]	LASMO	1,900	TSB	3,500
BP	[illegible]	Lonrho	1,100	Tesco	2,500
Brit. Telecom	[illegible]	Lucas	438	THORN EMI	1,100
Burmah Oil	[illegible]	MEPC	647	Trafalgar House	744
Burton	3,200	Marks & Spencer	1,700	Trusthouse Forte	256
Cable & Wireless	2,000	Maxwell Comm.	1,700	Unilever	1,200
Cadbury Schweppes	[illegible]	Metal Box	2,200	United Biscuits	459
Coats Viyella	1,900	Midland Bank	160	Wellcome	4,100
Commercial Union	[illegible]	NatWest Bank	806	Whitbread "A"	335
Cons. Gold	[illegible]	[illegible]	[illegible]	Williams Holdings	1,600
Cookson	[illegible]	Northern Foods	[illegible]	Woolworth	1,500
Courtaulds	[illegible]	Pearson	177		
Dalgety	[illegible]	Pearl Group	[illegible]		
Dee Corporation	[illegible]	P & O	1,700		
Distillers	[illegible]	Pilkington	[illegible]		
English China Clays	1,300	Plessey	6,100		
Enterprise Oil	1,200				
Fisons	1,900				

ECONOMIC DIARY

TOMORROW: National Savings monthly progress report for April. National Union of Seamen annual conference opens in Hull (until May 20).

MONDAY: April provisional figures for retail sales. CBI/FT survey of distributive trades. EC Agriculture Ministers open two-day meeting in Brussels, will continue the price review for 1988/89, and discuss agri-monetary matters. European Parliament session opens, Strasbourg (until May 20), main item is 1988 budget.

TUESDAY: Police Federation annual conference opens at Scarborough (until May 19). Institution of Professional Civil Servants annual conference opens at Eastbourne (until May 20). 1988 Defence Estimates published, statement from Mr George Younger, Defence Secretary. US presidential primary election, Oregon. OECD Ministerial meeting in Paris. Money Europe - European services exhibition and conference opens in Brussels. EC statement on benefits to the motor industry of the single European market.

WEDNESDAY: Public sector borrowing requirement for April.

THURSDAY: Provisional figures of vehicle production for April. Index of output of the production industries in March. First quarter provisional figures of manufacturers' and distributors' stocks. Capital expenditure by the manufacturing and service industries (first quarter - provisional). London and Scottish banks monthly statement for April. Provisional estimates of monetary aggregates (April). Labour market statistics: unemployment and vacancies (April - provisional); average earnings indices (March - provisional); employment, hours, productivity and unit wage costs; and industrial disputes. OAU council of Ministers meeting opens at Addis Ababa (until May 23). Nestlé annual meeting, Lausanne.

FRIDAY: April tax and price index. Retail prices index for April. Building societies monthly figures for April. Labour Party annual conference opens, speakers include Party leader Mr Neil Kinnock and Shadow Welsh Secretary Mr Alan Williams, at Tenby. Special Hungarian Communist Party conference opens in Budapest. Institute of Fiscal Studies conference on the Stock Exchange crash and real economy.

FINANCE MINISTER CRITICIZES BRITISH EMBASSY

Row over Tokyo SE seats escalates

BY STEFAN WAGSTYL IN TOKYO

THE ROW between the UK and Japan over access to financial markets escalated yesterday when Mr Kiichi Miyazawa, the Japanese Finance Minister, criticised the British Embassy in Tokyo for its role in the affair.

Mr Miyazawa told a committee meeting at the Japanese parliament of his reaction to a UK Government request, repeated this month, that two more UK companies should be granted seats on the Tokyo Stock Exchange.

Mr Miyazawa said that the British should be aware that the Japanese Government cannot direct the exchange about membership because it is an independent club.

Four out of six British companies were awarded seats last year, said Mr Miyazawa. The British Embassy in Japan must be cognisant of the circumstances leading up to the selection and may not have kept its government in London fully informed of the circumstances, he added.

Mr Miyazawa was referring to the fact that 16 foreign companies were chosen out of more than 20 in an intense competition for places.

The British Embassy declined to comment. Diplomats in Tokyo said it was very unusual for a government minister to criticise a foreign embassy. One foreign financial expert familiar with the story said Mr Miyazawa's claim was nonsense.

The companies which are pressing for stock exchange seats are Barclays de Zoete Wedd, an affiliate of Barclays Bank, and James Capel, a subsidiary of Hongkong and Shanghai Banking Corporation.

Mrs Margaret Thatcher raised their claims with Mr Noboru Takeshita, the Japanese Prime Minister, during his visit to Britain last week. This week it emerged that the UK Government had blocked at the last minute applications by Nomura and Daiwa, the two largest Japanese securities companies, to start market making in the UK government bond market.

No early solution seems in sight. Speaking after Mr Miyazawa to the Japanese House of Representatives' finance committee, Mr Tsuneo Fujita, director general of the MoF securities bureau, said the matter of stock exchange seats was on his ministry's agenda – but there was a limit to what could be done immediately.

Some Japanese government officials say that Japan has done more than enough to satisfy British demands already. It was only two years ago, they argue, that the London Stock Exchange opened its doors to outsiders.

DeBartolos drawn into SEC inquiry

By Janet Bush in New York

The US Securities & Exchange Commission, which has for some time been investigating the business affairs of Mr Paul Bilzerian, the new chairman of Singer, yesterday appeared to have spread its net to include Mr Edward DeBartolo, one of the largest shopping centre operators in the US.

The SEC asserted in court papers being examined in an enforcement action in a Washington Federal court that Mr DeBartolo and Mr Bilzerian failed to disclose millions of dollars in loans and secret profit-sharing arrangements related to takeover bids for Hammerhill Paper and Cluett-Peabody.

The SEC also said that Mr Bilzerian "may have entered into illegal arrangements with certain broker-dealers and others" to accumulate and conceal the true ownership of shares of Hammerhill, Cluett-Peabody and Carter Hawley Hale Stores.

The case in Washington was filed to compel Mr DeBartolo and his son of the same name to comply with SEC subpoenas seeking information about their relationships with Mr Bilzerian.

In January Mr Bilzerian took over Singer, the defence electronics contractor, in a $1.06bn tender offer. The DeBartolos are equity investors in the partnership led by Mr Bilzerian which succeeded in taking over Singer.

The DeBartolos have been ordered to appear in court on Monday.

JVC ends three-year drift with profits up a third

BY OUR FINANCIAL STAFF

VICTOR COMPANY of Japan (JVC), the leading producer of video cassette recorders, television sets and audio equipment, boosted pre-tax profits by a third to Y17.3bn ($139m) in its latest year ended March 20, up from Y12.98bn.

This reverses a decline which began three years ago when the effect of the rising yen on JVC exports pulled earnings sharply down from a peak Y42.8bn.

Sales, which in that 1984-85 year stood at Y650bn, have drifted lower and in the latest period emerged at Y578.9bn, down a further 1.4 per cent.

According to JVC, cost reduction efforts, increased overseas production, and a shift in consumer demand to high value-added products offset intensified competition from newly industrialised countries like South Korea.

The company said yesterday that it would step up capital spending to improve its existing consumer-oriented products such as large-screen TVs and stereo systems in order to boost customer popularity.

New businesses are also being developed in automotive audio-visual devices and information services equipment as well as super-VHS – a new generation of its VCR format which provides a sharper picture. It unveiled the system for the European market this week.

Net earnings per share rose to Y23.48 from Y18.65, and JVC is maintaining a total dividend of Y12.50. For the current, slightly extended year to March 31, parent pre-tax profits of some Y18bn are expected, on sales of Y600bn.

The company is just over half-owned by Matsushita Electric, the electronics group which produces under the National, Panasonic and other brands.

Endesa share issue priced

by Our Financial Staff

SHARES in Endesa, Spain's biggest electricity utility which is putting just over 20 per cent of itself up for sale, have been priced at Pta1,400 each.

At 175 per cent of nominal value, the pricing represents a modest discount to the 189 per cent of Pta800 par value at which the shares were suspended by the Madrid bourse on May 6.

The placing, involving 53m shares, will raise Pta74.2bn ($662.5m), making it the largest international share issue undertaken in Spain.

Of the shares, 38m are being offered to Spanish investors and foreigners resident in Spain, 1m have been reserved for group employees and 14m are to be placed in international markets.

Record result at Axel Springer

BY HAIG SIMONIAN IN FRANKFURT

AXEL SPRINGER Verlag, West Germany's biggest newspaper group, which has recently been in the throes of an unprecedented battle for control among its main shareholders, says it made its best profits in its history last year with after-tax earnings rising 2.4 per cent to DM96.4m ($55.74m).

Sales increased by almost 5 per cent to DM2.8bn, and the company is paying an unchanged dividend of DM12 a share.

Springer says it aims to become a wide-ranging communications concern. While its main business will remain domestic newspaper and magazine publishing, it plans to develop its electronic media activities and international business further.

Springer's supervisory board, which has been the focus for much of the recent shareholder upheavals, said it was in "complete agreement with the managing board" over the company's development strategy.

Much has happened since late March, when Mr Leo Kirch, the Munich film magnate who holds 10 per cent of Springer's shares, announced he had reached agreement with Mr Franz Burda and Mr Frieder Burda, who owned about 26 per cent of the company, to pool their shares in a bid to gain influence over the company.

That deal fell through the following month when, in a surprise move, the Burdas decided to sell their shareholding to the Springer family and associated interests, guaranteeing the latter majority control.

However, speculation about the company's future continues, with suggestions that other media groups may be interested in taking a stake. Meanwhile, Mr Kirch has bought a substantial holding in Sat 1, one of Germany's main satellite television networks.

$40m gain lifts Sea Containers

BY KEVIN BROWN, TRANSPORT CORRESPONDENT

SEA CONTAINERS, the Bermuda-based lessor of marine containers and operator of UK ferries, yesterday reported net first-quarter earnings of $30.5m on turnover of $155.2m.

The results represent a significant improvement since the comparable quarter of last year, when Sea Containers reported a net loss of $12.9m on revenue of $121.6m.

However, most of the improvement is accounted for by a $40m profit on the $202m sale of the group's London headquarters, and a provision for tax credits of $7.6m.

If the property sale is stripped out, Sea Containers' losses fell only marginally at the pre-tax level, from $19.9m to $17.2m.

Earnings from the group's shipping and container interests increased from $1m to $6.1m as a result of record demand for containers and improving charter rates for ships.

However, Mr James Sherwood, president, said container leasing profits had been held back by the cost of repairs to units which had earlier been earmarked for disposal. The group also disposed of some obsolete and damaged containers at less than book value.

Losses on the UK ferry operations increased from $21.7m to $24.2m, but the group said the deterioration was caused solely by the weakness of the dollar. Expressed in sterling, losses declined from £14.2m to £13.5m.

Mr Sherwood said Sealink had lost $6m during the current quarter as a result of strike action by the UK National Union of Seamen. Profits were running $10m ahead of forecast, however, and the company expected to increase net profits for the year by 50 per cent to around $42m.

Sea Containers is forecasting full year group net earnings of around $72m compared to $43.6m last year.

RAS unveils 25% advance

RAS, Italy's second largest insurance group, has unveiled a 25 per cent rise in 1987 group net profits, to L51.2bn ($41m). Alan Friedman reports from Milan.

The group, owned by West Germany's Allianz Versicherung, said its total premium income amounted to L4,226bn.

UBS reshapes London brokers

BY STEPHEN FIDLER, EUROMARKETS CORRESPONDENT

UNION BANK of Switzerland detailed yesterday a planned reorganisation of its London securities subsidiaries, which will result in the departure from London of one of the best-known figures in the Eurobond market, Mr Armin Mattle. Chief executive of UBS Securities, Mr Mattle, 53, was appointed to head the capital markets department at the bank's head office in Zurich. He will be responsible for all UBS's capital market and corporate finance activities inside and outside Switzerland.

The joint company will be formed by the end of the year and have four divisions, and Mr Rudolf Mueller, executive vice-president UK, will be chairman and chief executive of the merged firm. Mr John Lewis, currently head of the bond division at Phillips & Drew, will head the bonds division, and his deputy will be Mr Nicholas Ryan, managing director of secondary market activities at UBS Securities.

Mr Paul Neild, head of the equities division at P&D, will head the equities department, and Mr Stephen Brisby, who will join the firm on June 1 from Salomon Brothers, will lead the corporate finance department. Mr Hansruedi Wolfensberger will head the logistics department.

It is 32 years since Mr Mattle lived in Switzerland, arriving in London in 1956 to spend 10 years with Dominion Securities, where he was a pioneer of the Eurobond market spurred by the imposition of the US interest equalisation tax in 1963. In 1967, he joined Brussels-based Bondtrade before moving in 1974 to UBS to set up the securities unit. He was a founder of the Association of International Bond Dealers.

NORTH AMERICAN QUARTERLY RESULTS

ATARI Home computers

First quarter	1988 $	1987 $
Revenues	169.2m	65.1m
Op net income	5.67m	9.36m
Op net p/shr	0.10	0.16

LORAL Defence, aerospace

Fourth quarter	1987/8 $	1986/7 $
Revenues	412.5m	214.8m
Net income	22.7m	17.9m
Net per share	0.91	0.73

MAY DEPARTMENT STORES Retailing

First quarter	1988 $	1987 $
Revenues	2.26bn	2.21bn
Net income	62m	64m
Net per share	0.41	0.41

MOLSON COMPANIES Brewing

Year	1987 C$	1986 C$
Revenues	2.43bn	2.25bn
Net income	78.7m	52.3m
Net per share	2.40	1.68

NATIONAL INTERGROUP Drug distribution, aluminium, steel*

Fourth quarter	1987/8 $	1986/7 $
Revenues	756.3m	1.3bn
Net loss	30.4m	15.4m
Loss per shr	1.47	0.78

* Through 50 per cent-owned National Steel

PERKIN-ELMER Semiconductor manufacturing equipment

Third quarter	1987/8 $	1986/7 $
Revenues	351.4m	337m
Net income	19.2m	18.2m
Net per share	0.44	0.40

ROCKEFELLER CENTER PROPERTIES Property developer

First quarter	1988 $	1987 $
Revenues	29.3m	26.1m
Net income	16.8m	11.5m
Net per share	0.45	0.31

SCIENTIFIC-ATLANTA Communications equipment, instruments

Third quarter	1987/8 $	1986/7 $
Revenues	128.5m	121.1m
Net income	7.8m	5.8m
Net per share	0.33	0.25

SOUTHLAND Convenience stores

First quarter	1988 $	1987 $
Revenues	1.8bn	1.9bn
Net income	‡71.5m	25m
Net per share	‡0.39	0.47

THE GAP Clothing retailer

First quarter	1988 $	1987 $
Revenues	241.3m	211.1m
Net income	4.41m	16.2m
Net per share	0.12	0.45

WAL-MART STORES Retailing

First quarter	1988 $	1987 $
Revenues	4.31bn	3.29bn
Net income	153.6m	110.4m
Net per share	0.27	0.19

GEORGE WESTON Retailing

First quarter	1988 C$	1987 C$
Revenues	2.56bn	2.46bn
Op net income	21.6m	18.5m
Op net p/shr	0.40	0.30

WORLD COMMODITIES PRICES

Week in the Markets

IT WAS copper's turn to hog the limelight on the London Metal Exchange this week. After being upstaged successively by nickel, aluminium and zinc in recent weeks the exchange's traditional mainstay resumed its rightful place with a £269.50 cash price rise to £1,452.50 a tonne.

Dealers were not getting over-excited, however. Neil Buxton, of London broker Shearson Lehman Brothers, explained that the advance was "somewhat artificial", being based on extreme tightness of supplies available for delivery over the next few weeks, rather than on fundamental supply/demand factors.

That fact was reflected in the comparatively modest £38.50 rise registered for the three-months delivery position, which closed yesterday at £1,161 a tonne. As a result the cash premium over three months metal widened from £60.50 a tonne at the end of last week to £291.50 a tonne.

A similar pattern was evident in the aluminium market. Cash high grade metal (99.7 per cent pure) gained $545 on the week to $3,200 a tonne – the highest price recorded since that grade was launched last summer. But the three months position was up only $205 to $2,490 a tonne – still $50 below the peak reached early in April. So the cash premium – or backwardation, as it is known – widened from $370 to $710 a tonne.

There was some fundamental news to justify aluminium's strength. On Monday it was announced that LME stocks of high grade and standard metal had fallen by 8,725 tonnes last week to a total of 46,650 tonnes, and on Tuesday the International Primary Aluminium Institute confirmed that non-communist world stocks fell by 87,000 tonnes in March to 3.09m tonnes. Neither of these developments was unexpected but the market seemed to be in the mood to latch on to any constructive news.

Dealers were not so confident about the longer term outlook, however. Shearson analyst Angus McMillan did not rule out further gains in the near term but thought the upward ternd would prove short-lived.

The nickel market had one of its quieter weeks as dealers continued to await news from the Dominican Republic, where Falconbridge's shipments of the metal remain blocked because of an export duty dispute.

Rumours that talks with the Dominican Government were going slightly better encouraged some selling in mid-week, Mr Buxton said. But with no more concrete news forthcoming prices moved up again and the cash position ended $375 up on balance at $16,850 a tonne.

LME zinc resumed where it had left off last week – with profit-taking trimming earlier gains. The cash position dipped below £600 a tonne before rallying to end the week £7.50 down at £604.50 a tonne.

Although there had been no significant fundamental news, strong motor industry demand, low stocks and a series of production setbacks were continuing to provide a firm background for zinc, Mr Buxton explained.

After a period of comparative steadiness the cocoa market came under renewed pressure.

The emergence of fresh current and new crop sales from Cameroun, Nigeria and Malaysia prompted a downtrend which was fuelled by chart-inspired selling and new short selling, dealers said. As a result the July futures position dipped to £901 a tonne – the lowest second position close since mid-April – before edging up yesterday to £902 a tonne, down £26 on the week.

On the Baltic International Freight Futures Market values maintained the upward trend as the hopeful signs which had encouraged last week's strong advance began to turn into realities.

In particular traders were pleased to proved right about the probability of renewed interest from Japanese charterers on their return from the "Golden Week" holiday. James Gray, of GNI Freight Futures, reported that they appeared to be taking "quite an amount (of tonnage) to ship grain from the (US) Gulf." More shipping was also being booked to handle Brazilian and Argentine grain, he said.

A feature of the futures market was the rise in the underlying Baltic Freight Index, which last week had lagged behind futures gains. This week the October futures position ended with a net gain of 39 points at 1,534 (dealing is based on $10 per index point), while the BFI itself rose 89.5 points. **Richard Mooney**

WEEKLY PRICE CHANGES

	Latest prices	Change on week	Year ago	High 1988	Low 1988
Gold per troy oz.	$449¼	+6¼	$467.25	$485½	$425
Silver per troy oz	346.45p	+4.70	528.2p	384.9p	338.75p
Aluminium 99.7% (cash)	$3200	+545	-*	$3200	$1915
Copper Grade A (cash)	£1452.5	+269.5	$922.5	£1657.5	£1129.5
Lead(cash)	£342.5	+3.5	£433.5	£402.5	£326
Nickel (cash)	$16850	+375	£2762.5	$22200	£4022.5
Zinc (cash)	£604.5	-7.5	£502.5	£615	£453.5
Tin (cash)	£3640.0	-32.5	£4125	£3930	£3625
Cocoa Futures (Jly)	£902	-26	£1271.5	£1182	£892
Coffee Futures (Jly)	£1118	+39	£1355.5	£1317	£1042
Sugar (LDP Raw)	$239.6	+14.0	$181.5	$265.4	$213.6
Barley Futures (Sep)	£98.95	+0.85	£97.9	£109.85	£97.25
Wheat Futures (Jly)	£108.8	+2.3	£122	£115	£103.5
Cotton Outlook A Index	64.35c	+0.40	77.05c	75.3c	63.95c
Wool (64s Super)	673p	+3	461p	673p	484p
Rubber (Spot)	68.5p	+2.5	62p	68.5p	61.25p
Oil (Brent Blend)	$16.575y		$18.95	$17.525	$13.975

Per tonne unless otherwise stated. †Unquoted. p-pence/kg. c-cents/lb. y-Jun. *Aluminium 99.7% only quoted since July.

SPOT MARKETS

Crude oil (per barrel FOB)

		+ or -
Dubai	[illegible]	[illegible]
Brent Blend	[illegible]	[illegible]
W.T.I (1 pm est)	[illegible]	[illegible]

Oil products (NWE prompt delivery per tonne CIF)

		+ or -
Premium Gasoline	$195-198	+1.5
Gas Oil (Soviet)	$143-145	+1
Heavy Fuel Oil	$76-78	
Naphtha	$165-167	

Petroleum Argus Estimates

Other

		+ or -
Gold (per troy oz)	$449¼	[illegible]
Silver (per troy oz)	[illegible]	[illegible]
Platinum (per troy oz)	[illegible]	[illegible]
Palladium (per troy oz)	[illegible]	[illegible]
Aluminium (free market)	[illegible]	[illegible]
Copper (US Producer)	[illegible]	[illegible]
Lead (US Producer)	[illegible]	[illegible]
Nickel (free market)	[illegible]	[illegible]
Tin (European free market)	[illegible]	[illegible]
Tin (Kuala Lumpur market)	[illegible]	[illegible]
Tin (New York)	[illegible]	[illegible]
Zinc (Euro. Prod. Price)	[illegible]	[illegible]
Zinc (US Prime Western)	[illegible]	[illegible]
Cattle (live weight)†	[illegible]	[illegible]
Sheep (dead weight)†	[illegible]	[illegible]
Pigs (live weight)†	[illegible]	[illegible]
London daily sugar (raw)	[illegible]	[illegible]
London daily sugar (white)	[illegible]	[illegible]
Tate and Lyle export price	[illegible]	[illegible]
Barley (English feed)	[illegible]	[illegible]
Maize (US No. 3 yellow)	[illegible]	[illegible]
Wheat (US Dark Northern)	[illegible]	[illegible]
Rubber (spot)	[illegible]	[illegible]
Rubber (June)	[illegible]	[illegible]
Rubber (July)	[illegible]	[illegible]
Rubber (KL RSS No 1 June)	[illegible]	[illegible]
Coconut oil (Philippines)	[illegible]	[illegible]
Palm Oil (Malaysian)	[illegible]	[illegible]
Copra (Philippines)	[illegible]	[illegible]
Soyabeans (US)	[illegible]	[illegible]
Cotton "A" index	[illegible]	[illegible]
Woltops (64s Super)	[illegible]	[illegible]

£ a tonne unless otherwise stated. p-pence/kg. c-cents/lb. r-ringgit/kg. [illegible]

COCOA £/tonne

	Close	Previous	High/Low
[illegible]	[illegible]	[illegible]	[illegible]

COFFEE £/tonne

	Close	Previous	High/Low
[illegible]	[illegible]	[illegible]	[illegible]

SUGAR $ per tonne

Raw	Close	Previous	High/Low
[illegible]	[illegible]	[illegible]	[illegible]

White	Close	Previous	High/Low
[illegible]	[illegible]	[illegible]	[illegible]

GAS OIL $/tonne

	Close	Previous	High/Low
[illegible]	[illegible]	[illegible]	[illegible]

LONDON METAL EXCHANGE (Prices supplied by Amalgamated Metal Trading)

	Close	Previous	High/Low	AM Official	Kerb close	Open interest
Aluminium, 99.7% purity ($ per tonne)						Ring turnover 0 tonne
Cash	3190-210	2940-60		3110-50		
3 months	2460-500	2410-30		2470-90	2460-510	4,666 lots
Aluminium, 99.5% purity (£ per tonne)						Ring turnover 18,125 tonne
Cash	1650-60	1542-7	1625/1620	1620-2		
3 months	1300-1	1262-5	1306/1287	1290-2	1304-5	51,266 lots
Copper, Grade A (£ per tonne)						Ring turnover 51,825 tonne
Cash	[illegible]	[illegible]	[illegible]	[illegible]		
3 months	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Copper, Standard (£ per tonne)						[illegible]
Cash	[illegible]	[illegible]		[illegible]		
3 months	[illegible]	[illegible]		[illegible]		
Silver (US cents/fine ounce)						Ring turnover 10,000 ozs
Cash	[illegible]	[illegible]		[illegible]		
3 months	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Lead (£ per tonne)						Ring turnover 8,525 tonne
Cash	[illegible]	[illegible]	[illegible]	[illegible]		
3 months	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Nickel ($ per tonne)						Ring turnover 726 tonne
Cash	[illegible]	[illegible]	[illegible]	[illegible]		
3 months	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Zinc (£ per tonne)						Ring turnover 8,425 tonne
Cash	[illegible]	[illegible]		[illegible]		
3 months	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

LONDON METAL EXCHANGE TRADED OPTIONS

Aluminium (99.7%)	Calls	Puts
[illegible]	[illegible]	[illegible]

Aluminium (99.5%)	Calls	Puts
[illegible]	[illegible]	[illegible]

Copper (Grade A)	Calls	Puts
[illegible]	[illegible]	[illegible]

GRAINS £/tonne

Wheat	Close	Previous	High/Low
[illegible]	[illegible]	[illegible]	[illegible]

Barley	Close	Previous	High/Low
[illegible]	[illegible]	[illegible]	[illegible]

POTATOES £/tonne

	Close	Previous	High/Low
[illegible]	[illegible]	[illegible]	[illegible]

LONDON BULLION MARKET

Gold (fine oz)	$ price	£ equivalent
[illegible]	[illegible]	[illegible]

Coins	$ price	£ equivalent
[illegible]	[illegible]	[illegible]

Silver fix	p/fine oz	US cts equiv
[illegible]	[illegible]	[illegible]

SOYABEAN MEAL £/tonne

	Close	Previous	High/Low
[illegible]	[illegible]	[illegible]	[illegible]

FREIGHT FUTURES $10/index point

	Close	Previous	High/Low
[illegible]	[illegible]	[illegible]	[illegible]

US MARKETS

The producer price index figure came out up 4 as expected, reports Drexel Burnham Lambert. This news, combined with short-covering, rallied U.S. treasury bonds sharply. In the precious metals, gold, silver and copper prices rose on late day fund buying. Platinum prices also advanced adding to gains made earlier in the week. Cocoa prices gained due mostly to new long positions taken in the July and September contracts. Trade selling in the sugar market weakened prices, but the October contract remained above the 9 cent level for the week. Coffee futures, sold off by funds, closed down over 100 points. Commission house buying in the cotton rallied prices up to 65.00 in July. Speculative short-covering in orange juice forced prices higher on the day as the May expiration draws near. Trading in the meat markets was mixed during a lack-luster day. In the grain markets, soybeans continued in an upward trend. Corn and wheat prices held firmly, due mostly to the continued strength of the soybeans. New York energy markets were dominated very low volumes. July crude oil finished the week above the 17.50 level.

New York

GOLD 100 troy oz.; $/troy oz.	Close	Previous	High/Low
[illegible]	[illegible]	[illegible]	[illegible]

PLATINUM 50 troy oz; $/troy oz.	Close	Previous	High/Low
[illegible]	[illegible]	[illegible]	[illegible]

SILVER 5,000 troy oz; cents/troy oz.	Close	Previous	High/Low
[illegible]	[illegible]	[illegible]	[illegible]

INDICES

REUTERS (Base: September 18 1931 = 100)

May 12	May 11	mnth ago	yr ago
[illegible]	[illegible]	[illegible]	[illegible]

DOW JONES (Base: December 31 1974 = 100)

Spot	[illegible]	[illegible]	[illegible]	[illegible]
Futures	[illegible]	[illegible]	[illegible]	[illegible]

COPPER 25,000 lbs; cents/lbs	Close	Previous	High/Low	
May	101.75	102.00	102.30	101.50
Jun	99.45	99.40	0	0
Jul	96.45	95.50	96.70	95.35
Sep	91.60	92.40	92.20	90.90
Dec	88.50	87.40	87.70	88.00
Jan	85.50	86.40	0	0
Mar	83.60	84.40	84.50	83.20
May	81.90	82.80	82.80	82.80
Jul	80.40	81.30	0	0
Sep	[illegible]	[illegible]	[illegible]	[illegible]

CRUDE OIL (Light) 42,000 US galls $/barrel	Latest	Previous	High/Low
[illegible]	[illegible]	[illegible]	[illegible]

HEATING OIL 42,000 US galls, cents/US galls	Latest	Previous	High/Low
[illegible]	[illegible]	[illegible]	[illegible]

COCOA 10 tonnes;$/tonnes	Close	Previous	High/Low
[illegible]	[illegible]	[illegible]	[illegible]

COFFEE "C" 37,500lbs; cents/lbs	Close	Previous	High/Low
[illegible]	[illegible]	[illegible]	[illegible]

SUGAR WORLD "11" 112,000 lbs; cents/lbs	Close	Previous	High/Low
[illegible]	[illegible]	[illegible]	[illegible]

COTTON 50,000; cents/lbs	Close	Previous	High/Low
[illegible]	[illegible]	[illegible]	[illegible]

ORANGE JUICE 15,000 lbs; cents/lbs	Close	Previous	High/Low
[illegible]	[illegible]	[illegible]	[illegible]

Chicago

SOYABEANS 5,000 bu min; cents/60lb bushel	Close	Previous	High/Low	
May	719/4	707/0	719/4	703/0
Jul	727/6	716/2	728/4	713/4
Aug	734/4	722/0	736/0	718/4
Sep	736/0	724/4	737/4	722/0
Nov	747/2	733/6	748/0	731/0
Jan	755/4	742/2	756/0	740/0
Mar	763/0	750/2	763/0	749/0
May	[illegible]	[illegible]	[illegible]	[illegible]
Jul	[illegible]	[illegible]	[illegible]	[illegible]

SOYABEAN OIL 60,000 lbs; cents/lb	Close	Previous	High/Low
[illegible]	[illegible]	[illegible]	[illegible]

SOYABEAN MEAL 100 tons; $/ton	Close	Previous	High/Low
[illegible]	[illegible]	[illegible]	[illegible]

MAIZE 5,000 bu min; cents/56lb bushel	Close	Previous	High/Low
[illegible]	[illegible]	[illegible]	[illegible]

WHEAT 5,000 bu min; cents/60lb-bushel	Close	Previous	High/Low
[illegible]	[illegible]	[illegible]	[illegible]

LIVE CATTLE 40,000 lbs; cents/lbs	Close	Previous	High/Low
[illegible]	[illegible]	[illegible]	[illegible]

LIVE HOGS 30,000 lb; cents/lbs	Close	Previous	High/Low
[illegible]	[illegible]	[illegible]	[illegible]

PORK BELLIES 38,000 lbs; cents/lb	Close	Previous	High/Low
[illegible]	[illegible]	[illegible]	[illegible]

WORLD STOCK MARKETS

NEW YORK (3 pm)

Wall Street

Interest rate optimism lifts Dow

Stocks remained broadly higher as they had since early trading, but encountered some profit-taking, especially in blue chips.

Gains were based on hopes, encouraged by Federal Reserve officials, that no new credit tightening is near.

The Dow Jones industrial index was up up 20.23 at 1988.23 at 1.30pm and gainers lead decliners by about a 3-to-1 margin. The NYSE volume totalled 111m shares.

Bond prices rose on a moderate gain in producer prices.

Woolworth, one of the Dow 30, rose $1 to $52¾, helped by strong earnings and a recovering interest in retailers.

Press reports that the US Surgeon General will report on the addictiveness of smoking next week sent the stocks of Philip Morris and Nabisco down on heavy volume.

Philip Morris fell $1¼ to $84⅛ and Nabisco lost $¾ to $45¾. The companies declined to comment.

Tokyo

As aggressive Japanese buying of US bonds on Thursday bolstered confidence, and recent fears of a rise in domestic interest rates vanished, share prices closed sharply higher in active trade.

A stable yen exchange rate and Wall Street's slight gain overnight added further bullishness. Rises led falls three to one in volume of 1.1bn against 900m on Thursday.

Non-ferrous metals, rubber and mining shares firmed as commodity prices rose. Japan imports most of its raw materials and irregular supply is keeping prices high.

Sumitomo Rubber Industries gained Y50 to Y1,200 and Bridgestone Y50 to Y1,550. Osaka Titanium gained Y60 to Y1,630, Tatusta Electric Wire and Cable Y50 to Y1,150 and Sumitomo Metal Mining Y30 to Y1,530.

North American closing prices were not available for reports in this edition

Zurich

With fears of interest rate rises dampening sentiment, the market closed slightly lower on moderate volume.

Among industrials, Nestlé fell SFr50 to SFr7,875 while the shares of Jacobs Suchard, its counterpart in the Rowntree takeover saga, fell SFr65 to SFr7,060.

Brown Boveri closed unchanged at SFr1,985, while in chemicals Ciba-Geigy advanced SFr10 to SFr2,800.

Frankfurt

Boosted by short-covering, by sharp gains in Tokyo and by a technical reaction to the sell-off at the start of the week, share prices ended moderately higher across the board.

In blue chips, Deutsche Bank ex-dividend fell DM6.70 to DM371. Electrical Siemens gained DM10.80 to DM334.80, car maker Daimler soared DM21 to DM579 and chemical Bayer rose DM4.80 to DM358.30, boosted by a surge in first quarter earnings.

Other big gainers were Nixdorf which jumped DM19.50 to DM491, PKI up DM23 to DM573 and SEL up DM17 to DM285.

Engineer Linde advanced DM16 marks to DM628. Retailer Asko jumped DM18 to DM778 and Hussel gained DM11 to DM441.

Australia

Fuelled by modest buying from both local and offshore investors, the market closed higher. Gold and industrial stocks were in demand throughout the session but turnover remained thin.

National turnover was almost 99m shares worth A$158m, and rises outnumbered falls by a narrow margin.

In industrials, banks and transport stocks were most in demand. ANZ gained 3 cents to A$4.08 while 6 cent rises took Westpac to A$5.94 and NAB to A$5.82.

Mayne Nickless jumped 20 cents to A$5.56, Brambles rose 10 cents to A$8.90 and TNT 9 cents to A$4.35. Market leader BHP gained 10 cents to A$7.38 and Elders IXL rose 6 cents to A$2.90 on turnover of 3m shares.

Hong Kong

In quiet and lacklustre trading, share prices closed firmer after light bargain hunting in the afternoon. Turnover was HK$703.38m against HK$870.80m on Thursday.

Properties led the advance despite signs that local interest rates are on an uptrend. Sun Hung Kai Properties rose 30 cents to HK$10.90, New World 20 cents to HK$10.70, HK Land and Hang Lung 15 cents each to HK$7.55 and HK$5.20, and Cheung Kong 5 cents to HK$7.30.

Singapore

After four consecutive days of declines, with some late profit-taking well-absorbed, share prices rebounded to close generally higher.

Trading was quiet and cautious as most institutional investors stayed on the sidelines ahead of the US March trade figures and Hari Raya holidays here and in Malaysia next week. Turnover rose to 26.4m shares from 22.6m on Thursday.

Some Singapore-based blue chips and quality stocks attracted buying interest but activity was focused mainly on marine-related and shipping shares.

Paris

Pulled up by a late flurry of largely foreign buying of blue chip stocks, sparked by Wall Street's firmer opening, French share prices ended off their lows.

Domestic buyers were mostly sidelined today with many taking advantage of Thursday's Ascension Day holiday for the long weekend.

The market opened lower in reaction to the unexpectedly socialist slant of Prime Minister Michel Rocard's new government.

Blue chip gains were led by Thomson-CSF which rose FFr5 to FFr170. Peugeot also closed FFr13 up at FFr1,032 and Paribas was 3 firmer at FFr351.

Johannesburg

After the Ascension day holiday yesterday, gold share prices closed steady to marginally easier in very quiet trading.

A firm bullion price of about $450 helped support prices amid the lack of interest.

Amsterdam

A firm dollar, higher Wall Street opening and sharp gains for Dutch bond prices boosted sentiment, and prices closed generally firmer, with selected losses.

Blue chips firmed, but Royal Dutch traded ex-dividend and eased Fl 5.30 to Fl 222.70. Though investors had to subtract an Fl 8.30 dividend payout for Royal Dutch, sentiment for the firm was bolstered by Wednesday's news of an 18 per cent rise in first quarter profit.

AUSTRIA

May 13	Sch	+ or −
Creditanstalt	1,990	−20
Goesser	2,700	+10
Interunfall	10,000	.....
Jungbunzlauer	7,160	−90
Laenderbank	360	+2
Perlmooser	647	+2
Steyr-Daimler	81	−1
Veitscher Mag	605	−5

INDICES

NEW YORK

DOW JONES

CANADA

NEW YORK ACTIVE STOCKS

JAPAN

CURRENCIES AND MONEY

FOREIGN EXCHANGES

Sterling in demand

STERLING ROSE sharply in currency markets yesterday, following publication of the Bank of England's quarterly bulletin. This showed that the authorities were not happy with the current combination of relatively low UK interest rates and a rising pound.

Higher rates and a lower pound were seen to be the Bank's preference, but the thought of a possible rise in rates prompted strong overseas demand, notably from Japanese investors.

The Bank of England was active selling sterling in currency markets but the extent of the assistance was relatively modest.

The pound rose to its highest level since July 1986 against the D-Mark, finishing at DM3.1825 from DM3.1650. Against the dollar it rose to $1.8910 from $1.8850. It was also higher against the yen at Y235.75 from Y234.25. Elsewhere it closed at SFr2.6475 from SFr2.6300 and FFr10.7875 against FFr10.7350.

Its exchange rate index rose to 79.0, the highest level since December 1985, and up from 78.7 on Thursday.

The dollar was a little higher yesterday as traders covered short positions ahead of the weekend, and next week's release of US trade figures for March. However trading volume was relatively low as attention tended to centre on the pound.

News of a 0.4 p.c. rise in US producer prices was a little below expectations and helped to allay fears of a rise in inflation.

The dollar closed at DM1.6830 from DM1.6790 and Y124.65 compared with Y124.25. Elsewhere it improved to SFr1.4000 from SFr1.3955 and FFr5.7050 compared with FFr5.6950. On Bank of England figures, the dollar's exchange rate index was unchanged at 92.6.

D-MARK-Trading range against the dollar in 1988 is 1.7120 to 1.5850. April average 1.6720. Exchange rate index 137.3 against 150.6 six months ago.

Attention tended to focus on the rise in sterling in Frankfurt. Intervention by the Bank of England was not sufficient to deter investors confidence in the pound.

The extent of the rise was exacerbated to some extent by the relatively low volume since many traders had turned Thursday's Ascension Day holiday into a long weekend.

Elsewhere the dollar traded in a narrow range ahead of Tuesday's release of US trade figures. Short covering helped the US unit finish towards the day's highs.

JAPANESE YEN-Trading range against the dollar in 1988 is 131.15 to 122.75. April average 124.92. Exchange rate index 245.7 against 227.9 six months ago.

A small contraction in Japan's trade surplus in April was not sufficient to push the US dollar out of its recent trading range. The surplus fell to $6.75bn from $7.54bn a year ago, and to $4.13bn from $5.13bn with the US.

This failed to attract any renewed activity because most investors were content to square positions ahead of the weekend, and await next week's release of US trade figures for March. The dollar closed at Y124.70 from Y124.55 in New York.

£ IN NEW YORK

May 13	Latest	Previous Close
£ Spot	1.8900-1.8910	1.8825-1.8835
1 month	0.11-0.09pm	0.08-0.07pm
3 months	0.36-0.32pm	0.35-0.33pm
12 months	1.65-1.55pm	1.76-1.70pm

Forward premiums and discounts apply to the US dollar

STERLING INDEX

	May 13	Previous
8.30 am	78.8	78.5
9.00 am	78.8	78.5
10.00 am	78.9	78.5
11.00 am	78.9	78.5
Noon	78.9	78.5
1.00 pm	78.9	78.6
2.00 pm	78.9	78.6
3.00 pm	79.0	78.6
4.00 pm	79.0	78.7

CURRENCY RATES

May 13	Bank rate %	Special* Drawing Rights	European Currency Unit
[illegible]	[illegible]	[illegible]	[illegible]

*All SDR rates are for May 12

CURRENCY MOVEMENTS

May 13	Bank of England Index	Morgan Guaranty Changes %
[illegible]	[illegible]	[illegible]

Morgan Guaranty changes: average 1980-1982=100. Bank of England Index (Base Average 1975=100) Rates are for May 12

OTHER CURRENCIES

May 13	£	$
[illegible]	[illegible]	[illegible]

*Selling rate

POUND SPOT- FORWARD AGAINST THE POUND

May 13	Day's spread	Close	One month	% p.a.	Three months	% p.a.
US	1.8885-1.8930	1.8905-1.8915	0.11-0.08cpm	0.60	0.36-0.31pm	0.71
Canada	2.3205-2.3340	2.3330-2.3340	0.18-0.28cdis	-1.18	0.48-0.60dis	-0.93
Netherlands	3.55½-3.57½	3.56½-3.57½	1¼-1cpm	3.78	3¼-3⅛pm	3.99
Belgium	66.25-66.55	66.40-66.50	16-6cpm	1.99	44-30pm	2.23
Denmark	12.16½-12.22	12.18¾-12.19¾	¾-2¼oredis	-1.23	1¾-4dis	-0.96
Ireland	1.1775-1.1920	1.1870-1.1880	0.06-0.11pdis	-0.86	0.22-0.37dis	-0.99
W. Germany	3.16⅛-3.18½	3.18-3.18½	1½-1¼pfpm	5.18	3¾-3½pm	4.56
Portugal	259.00-261.05	259.70-260.70	70-100cdis	-3.92	182-280dis	-3.55
Spain	210.65-211.20	210.90-211.20	16-30cdis	-1.31	75-90dis	-1.56
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Belgian rate is for convertible francs. Financial franc 67.00-67.10. Six-month forward dollar 0.61-0.76cpm 12 months 1.67-1.57cpm

DOLLAR SPOT- FORWARD AGAINST THE DOLLAR

May 13	Day's spread	Close	One month	% p.a.	Three months	% p.a.
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

† UK and Ireland are quoted in US currency. Forward premiums and discounts apply to the US dollar and not to the individual currency. Belgian rate is for convertible francs. Financial franc 35.40-35.50.

EURO-CURRENCY INTEREST RATES

May 13	Short term	7 Days notice	One Month	Three Months	Six Months	One Year
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Long term Eurodollars: two years [illegible] per cent; three years [illegible] per cent; four years [illegible] per cent; five years [illegible] per cent nominal. Short term rates are call for US Dollars and Japanese Yen; others, two days' notice.

EXCHANGE CROSS RATES

May 13	£	$	DM	Yen	F Fr.	S Fr.	H Fl.	Lira	C $	B Fr.
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Yen per 1,000: French Fr. per 10: Lira per 1,000: Belgian Fr. per 100.

MONEY MARKETS

London rates lower

INTEREST RATES fell in London yesterday in response to a further rise in sterling. Dealers saw little chance of base rates being increased because of the pound's strength. At the same time however, they saw the Bank of England putting up strong resistance to any pressure for a further reduction from current rates.

Three-month interbank money fell to 8⅜-8¼ p.c. from 8⅝-8½ p.c. while the one year rate slipped to 9¼-9 p.c. from 9⅜-9¼ p.c. Weekend money opened at 7¾-7½ p.c. and traded between a low of 7 p.c. and a high of 9 p.c.

The Bank forecast a shortage of around £550m, with factors affecting the market including, repayment of late assistance and bills maturing in official hands,

UK clearing bank base lending rate 8 per cent from April 11

together with a take up of Treasury bills, draining £115m. A further £227m left the market as previous sale and repurchase agreements matured. In addition, banks brought forward balances £50m below target, and there was a rise in the note circulation of £270m.

These were partly offset by Exchequer transactions which added £230m.

The forecast was revised to a shortage of around £400m, and the Bank gave assistance in the morning of £6m

A further revision took the forecast to a shortage of £350m - before taking into account the earlier help - and the Bank gave additional assistance of £199m through purchases of £175m of eligible bank bills in band 1 and £24m in band 4, all at 7⅞ p.c. Late help came to £60m, making a total of £265m.

Sterling's strength accounted for a decline in the average rate of discount at yesterday's Treasury bill tender to 7.7161 p.c. from 7.8033 p.c. The £100m of bills on offer attracted bids of £955m. The minimum accepted bid was £98.07, against £98.05, and bids at that level were met as to about 7 p.c. and above in full, against 25 p.c. the week before.

FT LONDON INTERBANK FIXING

(11.00 a.m. May 13)	3 months US dollars		6 months US Dollars	
	bid 7½	offer 7⅝	bid 7⅞	offer 7⅞

The fixing rates are the arithmetic means rounded to the nearest one-sixteenth, of the bid and offered rates for $10m quoted by the market to five reference banks at 11.00 a.m. each working day. The banks are National Westminster Bank, Bank of Tokyo, Deutsche Bank, Banque Nationale de Paris and Morgan Guaranty Trust.

MONEY RATES

NEW YORK (Lunchtime)

		Treasury Bills and Bonds	
Prime rate	[illegible]	One month	[illegible]
Broker loan rate	[illegible]	Two month	[illegible]
Fed.funds	[illegible]	Three month	[illegible]
Fed.funds at intervention	[illegible]	Six month	[illegible]
		One year	[illegible]
		[illegible]	[illegible]

May 13	Overnight	One Month	Two Months	Three Months	Six Months	Lombard Intervention
Frankfurt	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Paris	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Zurich	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Amsterdam	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Tokyo	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Milan	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Brussels	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Dublin	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

LONDON MONEY RATES

May 13	Overnight	7 days notice	One Month	Three Months	Six Months	One Year
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

[illegible]

LONDON STOCK EXCHANGE

Equities recover further and Gilts move higher

Account Dealing Dates

*First Dealings	Option Declarations	Last Dealings	Account Day
Apl 25	May 5	May 6	May 16
May 9	May 19	May 20	May 31
May 23	Jun 2	Jun 3	Jun 13

*New time dealings may take place from 9.00 am two business days earlier.

A WEEK which gave a sharp reminder of the nervousness underlying world markets since the events of last October closed yesterday with UK equities attempting to rebuild confidence. Tokyo gave the lead again with a recovery overnight of 255 points. More importantly perhaps, the Nikkei average closed well above the level which, had it been broken, could have triggered a major slump in values, according to some Japanese chart followers.

UK investors were encouraged by the performance and, although volume remained relatively low, the FT-SE index nudged gently higher to regain more of Wednesday's 35.8 drop. The mid-week turbulence in markets around the globe followed a an incomplete report of remarks made by Mr Nigel Lawson, UK Chancellor of the Exchequer in an interview with the Wall Street Journal.

Far Eastern translations of his comments about interest rate trends caused the confusion, spreading fear among international equity investors. Warburg Securities, at yesterday's weekly briefing, described the response with the advice: Mr Lawson's supposed "prediction" concerning global interest rates touched an exceedingly raw nerve.

There is little doubt that the Government has a current policy dilemma. The Bank of England is unusually frank about the situation in its latest quarterly bulletin, but sterling's continued strength militates against a rise in base lending rates which the authorities would favour.

Official intervention was required yesterday to check a fresh upsurge but the the pound still ended higher on the dollar and the D-Mark. Short-term rates for credit eased in the London money market, offering little hope of higher base rates, and equity investors tended to be guided by this factor rather than sterling's current strength.

A brighter Wall Street opening - the Dow Jones was soon twenty points up - enabled the "Footsie" index to maintain its forward momentum and the close was 9.5 higher for a two-day recovery of 25 points at 1781.8. The futures market continued to drag its heels, however, and the June contract ended at a 12-point discount to the index.

The combination of a strong currency and softer commercial interest rates was too good an opportunity to be missed by Gilt-edged investors. Traders were active buyers but interest also revived from domestic retail clients. Progress was checked by a mid-session downturn in Gilt futures but improved again when the T-bond advanced after announcement of the US producer prices for April.

Assessment of Thursday's US long bond auction was difficult. Japanese offtake was more than expected at 38 per cent of the $8.5bn up for sale, but whether this represented long-term investment or efforts to achieve a short-term trading gain was not clear.

London took an optimistic view and, in the absence of any Government funding, which had been thought a strong possibility because of the current state of the market, the tone hardened late. The longs eventually settled with gains ranging to half-point and occasionally more.

Wellcome again held centre stage, racing up to 508p in busy trading (4.4m shares changed hands) before profit-taking clipped the rise. The shares finally settled 21 higher for a two-day gain of 28 to 505p.

Buying enthusiasm was triggered by positive reports emanating from analysts who earlier this week visited the Burroughs Wellcome production facilities in the US. The main theme was about prospects for increased profit margins on the production of Retrovir, the group's anti/Aids drug.

Dowty, the aerospace and electronic systems group, came under selling pressure as the market learned that Warburg Securities had downgraded its profit estimates for the group. Warburg is shaving the current year forecast by £1.5m to £61.5m and, more significantly, by £8m to £67m for 1988/89.

The company disagrees with the Warburg numbers and so do anlalysts at other investment houses. BZW is still looking for a 1988/89 figure of £73.5m while Hoare Govett is aiming for £71m. After heavier than usual turnover, the shares closed 8 down at 177p.

British Gas featured in a relatively subdued oil and gas sector; strong support from Kleinwort Grieveson, who issued a "switch from British Telecom to Gas" recommendation, lifted the shares 3 to 174p after a turnover of 5.6m. UBS Phillips & Drew issued a similar recommendation earlier in the week.

BSR, the electronics group, spurted up to 70p early on before dipping back to close only a fraction harder at 66p. The initial advance came in the wake of news that some 13.93m BSR shares, representing 8.4 per cent of the capital, are held by, or on behalf of, subsidiaries of BAT Industries.

The subsidiaries include Allied Dunbar Assurance and Eagle Star Assurance. But the stake was not regarded by dealers as constituting a potential takeover threat to BSR.

Barclays new nil-paid attracted another substantial business with buyers and sellers evenly matched. The shares eventually closed a shade off at 133p, after 136p, with turnover reaching 13m.

Morgan Grenfell were easily the best performing merchant bank over the week and added 9 more yesterday to 287p.

Life assurances turned easier late in the session in the wake of a handful of large selling orders in the leading issues. A sale of 1.1m Abbey Life at 275p unsettled the stock which dipped back to close 4 down at 278p. Legal & General lost 2 to 273p after turnover of 3m. Sun Life continued to attract keen interest on the inter-dealer broker screens but held at 1140p.

Guardian Royal Exchange took up the role of star performer in a composite sector given a severe shaking by Royal's much worse than expected figures announced on Thursday. GRE moved up 10 to 892p. Royals, however, remained under extreme pressure and dropped 6 more to 393p on turnover of 2.2 for a two-day decline of 29.

Following a dual introduction in London and New York, Sothebys, the auction house, opened at 952p and peaked at 960p before closing at 955p. On Wall Street the shares opened at $18¼.

Grand Metropolitan continued to ride on the back of Wednesday's interim announcement; "they were good figures and the market is just beginning to realise it," is how one leading dealer put it. The shares finished up 8 at 503p after volume of some 2.1m shares. Allied Lyons also saw brisk trade on news that its bottling and blending subsidiary, Allied Distillers, is to reorganise its operations.

Japan's decision to reduce its taxation on all imported spirits gave further impetus to distillery shares already gaining ground after a favourable report on the Scotch whisky industry by Kleinwort Grieveson Securities. Kings particularly favours Guinness, 7 better at 311p, and Highland Distilleries, up 5 at 120p.

Building shares, unsettled earlier in the week by interest rate worries, continued on the recovery track. Rugby edged up 6 to 238p following a visit to a subsidiary which has been turned around from a loss making situation and was thought to have resulted in several analysts upgrading their profit forecasts for the group by a small margin. Fairbriar, still responding to the bumper preliminary figures and proposed one-for-one scrip issue, improved 7 more 427p.

Stores issues were mixed ahead of the preliminary retail sales figures for April expected next Monday and the official CBI/FT survey of retail and distributive trades.

Burton Group shares raced up to 238p before closing a net 6 higher at 233p after turnover of 3.2m with the market alive with talk that the DTI investigations into the company had been completed; there was also speculation, subsequently denied by Burton, of a boardroom rift.

Marks and Spencer ended a good week with a further 3 gain at 183p on turnover of 1.8m shares. The preliminary results announced on Wednesday were given a good reception and were thought to have found the market short of stock.

Woolworth, where turnover of 4m included a single sale of 2.5m at 290p, closed a fraction better at 291p after revealing in the accounts published on Thursday, that the company is seeking shareholder permission to buy in up to 120 per cent of the issued capital.

The leading electronics stocks continued to attract heavy turnover. GEC topped the list of active stocks with 8.6m shares changing hands amid various market rumours. There were stories that the company is about to launch a major takeover bid, perhaps in the electrical sector, while other rumours suggested GEC could be on the receiving end of a bid from the likes of Hanson Trust. GEC shares settled 2½ higher at 150½p.

Next in the turnover list came Plessey (6.1m), a strong performer all week amid a string of rumours including possible management buy-outs in the semi-conductors business, a bid from GEC, and stake-building by STC. But dealers said the latest rise came in the wake of a bear-squeeze and buying ahead of the fourth quarter figures scheduled for two weeks time. Plessey shares moved up 4 more to 161p.

Racal, with 6m traded, rose strongly on the re-appearance of heavy speculative buying - talk in the market was that the widely predicted 450p a share bid could appear next week. Cable & Wireless, said to be one of the parties interested in bidding for Racal, advanced 6 to 330p, after 334p, with Hoare Govett said to be keen buyers of the stock. British Telecom edged up 1½ to 246½p.

Elsewhere, news that Gandalf, the Canadian group which has a 9.5 per cent stake in CASE, is seeking a London listing, triggered good buying of CASE shares which jumped 9 to 102p.

Bid speculation continued to generate interest in the food sector. Tate & Lyle added spice to their $1.42bn offer for Staley Continental by once again adding 24 hours to the bid deadline but the shares ran out of steam at 779p, a rise of 2.Suchard confirmed it is keeping all its options open in the event of a full bid for Rowntree, up 2 at 882p. Freshbake remained the target of takeover speculation for much of the week and the shares gained 2 at 130p. RHM, where Goodman Fielder has a stake, gained 7 to 332p while bid favourite Geest rose 6 to 248p.

A noteworthy improvement in the early dealings on Wall Street helped sustain the International stocks despite the upward trend in sterling. Trading activity, however, was at a low ebb and the majority of quotations settled without much alteration. BOC continued to edge higher in a small volume awaiting next Tuesaday's interim figures, closing 7 to the good at 387p; BZW, the securities house, are looking for pre-tax profits of around £135m, while Flemings Research estimate a figure of around £132m. Unilever, scheduled to reveal first quarter figures on Monday, were more briskly traded - some 2.3m shares changed hands - and closed 9 to the good at 452p.

Associated British Ports, reflecting a buy recommendation from Kitcat and Aitken, moved ahead strongly to close around the best of the day with a rise of 22 at 521p.

Kitcat beleive the shares sould be currently selling at around £6. They also point out that the group now represents a significant property play which is enhanced by strong cash flows and earnings growth of the port operations and certain features not always common in the property sector such as a low level of gearing.

Pearson, in contrast, dipped 14 to 699p, the reaction thought to have been prompted mainly by the withdrawal of the recent buying support from one source. English China Clays continued to trade briskly in the wake of comment on the interim figures before settling a few pence easier at 435p. Further persistent demand awaiting next Wednesday's half-year results lifted Diploma 11 to the good at 234p. Stonehill jumped 21 to 64 following the reorganisation plans and joint property venture with Control Securities.

Perry Group, the motor distributors, returned to the limelight with a gain of 13 at 239p as speculation about Sir Ron Brierly's stake resurfaced. Appleyard, reflecting the cheerful tenor of the chairman's statement at the annual meeting, firmed 11 to 435p.

In a subdued property sector, Land Securities drifted off 7 to 553p awaiting the annual figures. Rothmans saw brisk trading as continued bid speculation about the future of the Rembrandt stake saw the shares closing 5 up at 432p on turnover of 2.3m. BAT Industries' holding in BSR - now up to 8.4 per cent - put a couple of pence on the shares at 410p.

Business in traded options was a shade quieter with 19,785 calls and 13,670 puts giving a total of 33,455 contracts. A heavy turnover was seen in Racal, mirroring takeover speculation, where there were 3,380 calls and 282 puts. Plessey saw 11,681 calls and 997 puts, while in Hanson Trust there were 2,809 calls and 2,260 puts.

FINANCIAL TIMES STOCK INDICES

	May 13	May 12	May 11	May 10	May 9	Year Ago	1988 High	1988 Low	Since Compilation High	Since Compilation Low
Government Secs	90.18	89.87	89.83	89.83	89.89	92.62	91.43 (28/4)	86.97 (13/1)	127.4 (9/1/35)	49.18 (3/1/75)
Fixed Interest	98.10	98.18	97.66	97.57	97.20	98.67	98.31 (19/4)	94.14 (8/1)	105.4 (28/11/47)	50.53 (3/1/75)
Ordinary	1428.6	1417.6	1406.4	1435.8	1438.0	1691.6	1478.7 (4/3)	1349.0 (8/2)	1926.2 (16/7/87)	49.4 (26/6/40)
Gold Mines	195.4	196.1	197.3	198.2	198.5	429.9	312.5 (7/1)	195.4 (13/5)	734.7 (15/2/83)	43.5 (26/10/71)
Ord. Div. Yield	4.58	4.61	4.64	4.53	4.52	3.39				
Earnings Yld. % (full)	11.83	11.91	12.03	11.71	11.67	8.18				
P/E Ratio (net)(*)	10.35	10.29	10.19	10.46	10.51	15.04				
SEAQ Bargains (5pm)	22,276	23,092	26,862	22,321	24,297	49,571				
Equity Turnover (£m)	-	1449.76	1224.68	1022.53	923.89	1739.28				
Equity Bargains	-	25,448	27,134	26,494	30,393	60,949				
Shares Traded (ml)	-	334.9	483.8	349.8	360.0	693.7				

S.E ACTIVITY

Indices	May 12	May 11
Gilt Edged Bargains	116.7	138.4
Equity Bargains	165.1	175.8
Equity Value	2930.3	2475.4
5-Day average		
Gilt Edged Bargains	124.6	124.7
Equity Bargains	191.8	204.7
Equity Value	2566.4	2401.1

Opening	10 a.m.	11 a.m.	12 p.m.	1 p.m.	2 p.m.	3 p.m.	4 p.m.
1424.7	1421.0	1424.0	1425.0	1424.8	1424.4	1426.8	1428.6

Day's High 1428.9 Day's low 1420.7

Basis 100 Govt. Secs 15/10/26, Fixed Int. 1928, Ordinary 1/7/35, Gold Mines 12/9/55, S E Activity 1974. * Nil=10.25.

LONDON REPORT AND LATEST SHARE INDEX: TEL. 0898 123001

LONDON TRADED OPTIONS

Option		CALLS			PUTS		
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

May 13 Total Contracts 33,455 Calls 19,785 Puts 13,670
FT-SE Index Calls 818 Puts 2833
*Underlying security price.

Traditional Options

- First dealings May 3
- Last dealings May 13
- Last declarations July 28
- For Settlement Aug 8

For rate indications see end of London Share Service

Activity continued at a fairly high level in the Traditional option market. Stocks dealt in for the call included Blacks Leisure, Cambian Venture, Wilshaw Securities, Cowan de Groot, FLM, Astra Holdings, Stakis, BOM Holdings, Suter, Meekatharra, C. Baynes, Carless Capel, Northamber, Mowat Group, Ferranti and Central and Sheerwood. A put was arranged in Low and Bonar, but no double options were reported.

NEW HIGHS AND LOWS FOR 1988

[illegible]

LONDON STOCK EXCHANGE

DEALINGS

Corporation and County Stocks
No. of bargains included5

Greater London Council6¾% Stk 90/92 – £91¼ 2¾
Birmingham Corp3% Stk 1947(or after) – £23 (10My88)
3½% Stk 1946(or after) – £20 (9My88)
Birmingham District Council11½% Red Stk 2012 – £110½ (10My88)
Bristol(City of)11¾% Red Stk 2008 – £109 (9My88)
Islington Corp12.65% Red Stk 2007 – £119 (6My88)
Kirklees Metropolitan Council11.6% Red Stk 2031 – £112 (11My88)
Leeds Corp3% Deb Stk 1927(or after) – £25 (10My88)
Lincoln Corp3% Red Stk 1919(or after) – £20 (6My88)
Liverpool Corp2½% Red Stk 1925(or after) – £20 (9My88)
Nottingham Corp3% Stk (Irrd) – £25 (9My88)
Salford Corp5¾% Red Stk 86/88 – £98¾ (11My88)

UK Public Boards
No. of bargains included5

Agricultural Mortgage Corp PLC5½% Deb Stk 93/95 – £81 (9My88)
6¾% Deb Stk 92/94 – £80 (9My88)
6¾% Deb Stk 85/90 – £88¾ (9My88)
7¾% Deb Stk 91/93 – £90¾ ¾ ¾ 1½
10¾% Deb Stk 92/95 – £103●
Metropolitan Water Metropolitan Water 3% A Stk 63/2003 – £47 (11My88)
Port of London Authority6¾% Reg Stk 87/90 – £91¾ (10My88)
Scottish Agric Sec Corp7¾% Deb Stk 90/92 – £87¼●

Commonwealth–Government
No. of bargains includednil

South Australian3% Cons Ins Stk 1916(or after) – £26 (6My88)
Southern Rhodesia4½% Stk 87/92(Unassented) – £115 (6My88)

Foreign Stocks, Bonds, etc–(coupons payable in London)
No. of bargains included9

Hungary(Republic of)7½% Stg Bds(Assd Lon 1968 Sett) – £78¾
Minas Gerais(State of)Brazil6¾% 30yr Ext Stg Ln 28(A–2¾%) – £55
Amsterdam-Rotterdam Bank NV10¼% Nts 1991 – £101¾ ¾ (9My88)
ASDA Group PLC4¾% Cnv Bds 2002(Br£1000&25000) – £110 ¾ (11My88)
Barclays Bank PLC10¼% Senior Subord Bds 1997 – £99 ¾
Barclays Bank Finance Co(Jersey)Ld10¼% Gtd Deposit Nts 1990 – $102¾ 3 (10My88)

[…]

(10My88)
8% Cum 1st Prf £1 – 112¾ (11My88)
9% Cum 2nd Prf £1 – 110¾
Co-Operative Bank PLC8.48% Cum Red Prf 2013 £1(P/yPd–4/8/88) – 39 (11My88)
Hill Samuel Group PLC8% Uns Ln Stk 89/94 – £90
Lombard North Central PLC5% Cum 1st Prf £1 – 59 (10My88)
Midland Bank PLC7¼% Subord Uns Ln Stk 83/93 – £91¾ (10My88)
10¾% Subord Uns Ln Stk 93/98 – £104
14% Subord Uns Ln Stk 2002/07 – £121¾ 2
National Westminster Bank PLCADR (3:1) – $30
7% Cum Prf £1 – 65
9% Subord Uns Ln Stk 1993 – £97¾
12½% Subord Uns Ln Stk 2004 – £114¾ (10My88)
Royal Bank of Scotland Group PLC11% Cum Prf £1 – 107
Standard Chartered PLC12¾% Subord Uns Ln Stk 2002/07 – £110¾
TSB Group PLCOrd 25p – 97 8 8 ¾ 9 9 ¾ 100 100
Warburg (S.G.) Group PLC7¾% Cum Prf £1 – 103 (9My88)

Breweries and Distilleries
No. of bargains included544

Allied-Lyons PLCADR (1:1) – $7.4
7½% Cum Prf £1 – 75¾ (9My88)
6¾% Red Deb Stk 87/92 – £87 (9My88)
7¾% Uns Ln Stk 93/98 – £87 8¾
Bass PLC4% Cum Prf £1 – 42 (11My88)
7% Cum Prf £1 – 70
3¾% Deb Stk 87/92 – £81
8¾% Deb Stk 87/92 – £90 5 ¾ 6
10.55% Deb Stk 96/99 – £99¾ (6My88)
4¾% Uns Ln Stk 92/97 – £55¾ (6My88)
7¾% Uns Ln Stk 92/97 – £89¾
Bass Investments PLC7¾% Uns Ln Stk 92/97 – £86●
Boddington Group PLC9¾% Uns Ln Stk 2000/05 – £80 (6My88)
9¾% Cnv Uns Ln Stk 2000/05 – £148 50
Bulmer(H.P.)Hldgs PLC8¾% Cum Prf £1 – 120
8¾% 2nd Cum Prf £1 – 113 4¾ 21½ ¾
Greenall Whitley PLC"A" Ord 5p – 143 (6My88)
8% Cum Prf £1 – 104 (10My88)
7¾% Deb Stk 87/92 – £88 (9My88)
8¾% Irrd Uns Ln Stk – £81¾
Hardys & Hansons PLCOrd 25p – 687 (11My88)
Heavitree Brewery PLC11¾% Cum Prf £1 – 146 (11My88)
International Distillers & Vintners Ld 4¾% Deb Stk 2002/07 – £54¾ 7 (6My88)
Macallan-Glenlivet PLC6¾% Cnv Uns Ln Stk 2005 – £240 (10My88)
Mansfield Brewery PLCOrd £1 – 400
11¾% Deb Stk 2010 – £106¾ (9My88)
Marston, Thompson & Evershed PLC7% Uns

[…]

Dudley Jenkins Group PLCNew Ord 5p (Fp/AL–3/6/88) – 100 (11My88)
Fergebrook Group PLC 12% Cnv Uns Ln Stk 92/97 – £90 (10My88)
Ford Sellar Morris Properties PLCOrd 10p (Ex Div) – 101 4 5 5 7 8 9
Freeman Group PLCOrd 10p – 230●
Handley-Walker Group PLCNew Ord 5p (Fp/LA–18/5/88) – 145 7 8 (10My88)
Hodgson Holdings PLCCnv Prf 5p – 97½ 8 8
Hornby Group PLCOrd 5p – 137 42
Hughes (HT) PLCOrd 10p – 73 (11My88)
Johnson Fry PLCOrd 10p – 110
Lincoln House PLCOrd 5p – 6 7½
Warrants to sub for Ord – 3½ (10My88)
Units (Nil Pd–31/5/88) – 10 (10My88)
MTL Instruments Group PLCOrd 10p – 76
Merchant Manufactory Estate Co PLCOrd 25p – 72 (9My88)
New Ord 25p (Fp/LA–20/5/88) – 72●
Moorfield Estates PLCOrd 10p – 117 20
Morris Ashby PLCOrd 10p – 88
Norfolk House Group PLCOrd 5p – 108● 12●
PrinTech International PLCOrd Ir£0.05 – I£1.2
Randsworth Trust PLC7% Cum Cnv Red Prf £1 – 86½ 7
Reflex Investments PLCOrd Ir£0.05 – I£0¾ (9My88)
Resort Hotels PLCOrd 10p – 18
Roskel PLCOrd 10p – 122 4
Sigmex International PLCOrd 10p – 42 7 (11My88)
Smallbone PLC7.25p Cnv Red Pig Prf £1 – 110 4 (11My88)
Splash *Products PLCOrd 10p* – 85 7
Total Systems PLCOrd 5p – 82 (6My88)
Transtep Hldgs PLCOrd 10p – 59
Willaire Systems PLCFixed Rate Cnv Cum Red Prf 2p – 123
Yelverton Investments PLC8% Cnv Uns Ln Stk 1997 – £80 (10My88)

The Third Market Appendix
No. of bargains included77

Medirace PLCWarrants to sub for Ord – 59 (10My88)
Moray Firth Exploration PLCOrd 1p – 11●
Pennine Optical PLCOrd 2½p – 45 (6My88)

RULE 535 (4) (a)

Bargains marked in securities where principal market is outside the UK and Republic of Ireland. Quotation has not been granted in London and dealings are not recorded in the *Official List.*

Acorn Securities 12♦13♦.A$0.279,0.285
Alkane Exploration A$0.069 (9/5)
Allflex Holdings $NZ1.1 (10/5)
Amatil 332 (10/5)
America Barrick Resources Corp Com NPV $19⅛ (6/5)
Ames Department Stores $14⅞♦ (9/6)
Ampol Exploration A$3.03 (11/5)
Amsterdam Rotterdam Bank FL63.3 (9/6)
Aust. Foundation Inv A$1.296 (10/5)
Beverly Enterprises $6¼♦ (6/5)
Black Hill Minerals 2♦ (10/5)
Burwill Int. HS1.712 (9/6)
Central Norseman Gold A$0.9 (11/5)

[…]

Source Perrier FF707♦715♦FR700,715 (10/5)
Southwest Gold mines 5 (6/5)
Square Gold & Minerals 13 (9/6)
Stirling Petroleum 1 (10/5)
Sun Hung Kai Properties HS10.55 (11/5)
Tai Cheung Properties 18♦ (6/5)
Target Petroleum Ord 12.A$0.301 (11/5)
Target Petroleum 6♦ (10/5)
Unidev 11 (6/5)
Vultan Minerals 22♦20
Waltons Bond A$0.318 (10/5)
Westfield Minerals 100
Wharf Hldgs HS6.9
Zanex 1 (5/5)

RULE 535 (2)

Applications granted for specific bargains in securities not listed on any exchange

Adnams & Co £15.75 (11/5)
All England Lawn Tennis Ground *£30,000,£31,000 (9/5)*
Anglo American Agriculture £102½% (6/5)
Ann Street Brewery 690 (6/5)
Aurora 94 (10/5)
SPECRULE Carraun Cedar 9,13 (10/5)
Channel Island Communications 460 (10/5)
Church Army Hsg Soc £10% (10/5)
Conister Trust 135
Dart Valley Light Rlwy 210,15 (9/5)
Dawson 425 (10/5)
Dolphin International 29
G R I. Electronics 88,93 (10/5)
General Portfolio Group 147 (11/5)
Greenslar Hotels 62½,6 (11/5)
Guernsey Gas Light 500 (10/5)
Hartley Baird 60 (11/5)
Heriot Hotels 80 (11/5)
Jennings Bros 235,40
Jersey Gas 300 (10/5)
Le Riches Stores 380 (6/5)
Liverpool FC £275 (9/5)
Red Rose Radio 135,45
Shepherd Neame 545 (11/5)
Sinclair Research 65 (10/5)
Southern Newspapers 335
Special Eyes 58 (11/5)
Texas Continental Securities 220 (10/5)
Thwaites 800,10 (9/5)
Weetabix A 370 (11/5)
Winchmore 75 (11/5)
Wisbech 43.5 (6/5)
Wolverhampton Racecourse 285 (11/5)

By Permission of the Stock Exchange Council

LEADERS AND LAGGARDS

Percentage changes since December 31 1987 based on Thursday May 12 1988.

Property [illegible]	+ [illegible]	500 Share Index [illegible]	+ [illegible]
Leisure [illegible]	+ [illegible]	Health & Household Products	+ [illegible]
Contracting Construction [illegible]	+ [illegible]	[illegible]	+ [illegible]
Shipping & Transport [illegible]	+ [illegible]	[illegible]	+ [illegible]
Investment Trusts [illegible]	+ 10.42	Other Groups	+ [illegible]
Brewers and Distillers	+ 10.40	Insurance(Life)	+ 3.07
Oil & Gas	+ 8.70	Building Materials	+ 3.04
Food Manufacturing	+ 8.35	Metals & Metal Forming	+ 2.98
Telephone Networks	+ [illegible]	Motors	+ [illegible]
Electronics	+ 7.58	Textiles	+ 2.37
Mechanical Engineering	+ 7.42	Other Industrial Materials	+ 1.73
Overseas Traders	+ 7.34	Electricals	+ 1.00
Agencies	+ 7.08	Merchant Banks	+ [illegible]
Conglomerates	+ 6.41	Packaging & Paper	- 0.17
Insurance(Brokers)	+ [illegible]	Publishing & Printing	- [illegible]
Insurance(Composite)	+ [illegible]	Banks	- 2.03
Mining Finance	+ [illegible]	Stores	- 2.77
Capital Goods	+ [illegible]	Food Retailing	- 3.09
Financial Group	+ [illegible]	Chemicals	- [illegible]
All Share Index	+ [illegible]	Gold Mines Index	- [illegible]

RISES AND FALLS

	On Friday Rises	On Friday Falls	On Friday Same	On the week Rises	On the week Falls	On the week Same
British Funds	109	0	4	300	155	110
Corporations, Dom. and Foreign Bonds	29	2	22	97	40	128
Industrials	461	260	833	1,798	2,249	3,719
Financial and Props	174	106	371	657	894	1,685
Oils	35	24	47	114	189	229
Plantations	0	0	13	3	6	56
Mines	48	55	92	163	328	484
Others	78	89	89	288	541	448
Totals	934	536	1,471	3,420	4,402	6,859

BANK RETURN

BANKING DEPARTMENT	Wednesday May 11, 1988	Increase (+) or decrease (-) for week
LIABILITIES	£	£
Capital	14,553,000	
Public Deposits	73,481,427	+ 1,715,884
Bankers Deposits	1,169,502,988	+ 6,121,249
Reserve and other Accounts	1,875,365,419	- 153,729,640
	3,132,902,834	- 145,892,507
ASSETS		
Government Securities	656,055,629	- 30,580,000
Advance and other Accounts	791,497,124	+ 89,139,119
Premises Equipment & other Secs	1,676,281,441	- 200,404,365
Notes	8,816,725	- 4,059,037
Coin	251,915	+ 11,776
	3,132,902,834	- 145,892,507
ISSUE DEPARTMENT		
LIABILITIES		
Notes in circulation	13,641,183,275	- 205,940,963
Notes in Banking Department	8,816,725	- 4,059,037
	13,650,000,000	- 210,000,000
ASSETS		
Government Debt	11,015,100	
Other Government Securities	5,944,553,445	- 241,109,821
Other Securities	7,694,431,455	+ 31,109,821
	13,650,000,000	- 210,000,000

BASE LENDING RATES

	%		%		%
ABN Bank	8	Citibank NA	8	Nat Bk. of Kuwait	8
Adam & Company	8	City Merchants Bank	8	NatWestminster	8
AAB - Allied Arab Bk	8	Clydesdale Bank	8	Northern Bank Ltd	8
Allied Irish Bank	8	Comm. Bk N. East	8	Norwich Gen. Trust	8
Henry Ansbacher	8	Co-operative Bank	*8	PK Finans Intl(UK)	9
ANZ Banking Group	8	Cyprus Popular Bk	8	Provincial Bank PLC	9
Associates Cap Corp	10	Dunbar Bank PLC	8	R. Raphael & Sons	8
Authority Bank	8	Duncan Lawrie	8	Roxburghe Guarantee	9½
B & C Merchant Bank	8	Equatorial Bank plc	8	Royal Bk of Scotland	8
Banco de Bilbao	8	Exeter Trust Ltd	8½	Royal Trust Bank	8
Bank Hapoalim	8	Financial & Gen. Sec.	8	Smith & Williams Secs	8
Bank Leumi (UK)	8	First National Bank Plc	8	Standard Chartered	8
Bank Credit & Comm	8	● Robert Fleming & Co	8	TSB	8
Bank of Cyprus	8	Robert Fraser & Ptrs	9	UDT Mortgage Exp	[illegible]
Bank of Ireland	8	Girobank	8	United Bk of Kuwait	8
Bank of India	8	Grindlays Bank	8	United Mizrahi Bank	8
Bank of Scotland	8	● Guinness Mahon	8	Unity Trust Bank Plc	8
Banque Belge Ltd	8	HFC Bank PLC	8	Western Trust	8
Barclays Bank	8	● Hambros Bank	8	Westpac Bank Corp	8
Benchmark Bank PLC	8	Heritable & Gen Inv Bk	8	Whiteaway Laidlaw	8½
Berliner Bank AG	8	● Hill Samuel	§8	Yorkshire Bank	8
Brit Bk of Mid East	8	C. Hoare & Co.	8		
● Brown Shipley	8	Hongkong & Shangh	8		
Business Mtge Tst	8½	Lloyds Bank	8		
CL Bank Nederland	8	Megbraj Bank Ltd	8		
Central Capital	8	Midland Bank	8		
● Charterhouse Bank	8	Mount Bnkg Corp.	8		

● Members of British Merchant Banking & Securities Houses Association. * 7 day deposits 3.50% Savewise 6.16%. Top Tier-£2,500+ at 3 months' notice 7.25%. At call when £10,000+ remains deposited. § Mortgage base rate. § Demand deposit 3.00%. Mortgage 9.125% - 9.5%

EUROPEAN OPTIONS EXCHANGE

Series		May 88 Vol	May 88 Last	Aug. 88 Vol	Aug. 88 Last	Nov. 88 Vol	Nov. 88 Last	Stock
GOLD C	$ 460	128	0.80	4	12.50	-	-	$ 449.80
GOLD P	$ 480	-	-	150	29 B	-	-	$ 449.80
GOLD P	$ 500	175	48	-	-	-	-	$ 449.80
		Jun 88		Sep 88		Dec 88		
SILVER C	$ 700	-	-	72	25	-	-	$ 654
		May 88		Jun 88		Jul 88		
EOE Index C	Fl. 190	37	9	65	12.30	-	-	Fl. 199.41
EOE Index C	Fl 195	21	6	21	9.50	38	11.50	Fl. 199.41
EOE Index C	Fl 200	207	3 A	42	7.10	20	9.20	Fl. 199.41
EOE Index C	Fl 205	71	1.50 A	72	4.90	10	6.50	Fl. 199.41
EOE Index C	Fl 220	20	0.10	-	-	-	-	Fl 199.41
EOE Index P	Fl 185	31	0.60 A	-	-	-	-	Fl. 199.41
EOE Index P	Fl 190	202	1.10	87	4.20	-	-	Fl. 199.41
EOE Index P	Fl 195	328	1.80	124	6	36	7.50	Fl 199.41
EOE Index P	Fl. 200	219	3.30	189	7.20	153	11	Fl. 199.41
EOE Index P	Fl 205	212	6.70	117	10.50	7	14 A	Fl. 199.41
EOE Index P	Fl 210	68	11	29	14 A	12	16 A	Fl. 199.41
£/Fl C	Fl 345	68	11.25	-	-	-	-	Fl 356.83
£/Fl C	Fl 350	2	6.50 B	25	6.70 B	-	-	Fl. 356.83
£/Fl C	Fl 355	35	1.30 B	15	3.40	-	-	Fl 356.83
$/Fl C	Fl 185	33	3.80	-	-	-	-	Fl. 188.70
$/Fl P	Fl 185	2	0.30 B	119	0.90	-	-	Fl. 188.70
$/Fl P	Fl 190	85	1.95	-	-	-	-	Fl. 188.70

Series		Jul. 88 Vol	Jul. 88 Last	Oct. 88 Vol	Oct. 88 Last	Jan. 89 Vol	Jan. 89 Last	Stock
ABN C … KLM C	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
KLM P	Fl 35	63	2.20	32	3.50	-	-	Fl 34.30
KNP P	Fl 118.20	63	1.80	-	-	-	-	Fl. 123.50
KNP C	Fl 130	29	3.20	5	5.70	12	7.50	Fl. 123.50
KNP P	Fl 120	41	2.60	11	5 A	-	-	Fl 123.50
NEDLLOYD C	Fl 220	273	11.60	9	19	-	-	Fl 220
NEDLLOYD P	Fl 210	160	9.60	-	-	-	-	Fl. 220
NAT NED C	Fl 55	55	2.80 B	4	3.60 B	7	4.50	Fl 55.20
NAT NED P	Fl 55	78	2.50	2	4	-	-	Fl. 55.20
PHILIPS C	Fl 27.50	161	1.30	41	2.40	48	2.80	Fl 27.20
PHILIPS P	Fl 27.50	230	1.20	33	2.30	42	2.80	Fl 27.20
ROYAL DUTCH C	Fl 220	279	8.20	22	11.30	4	13.40 B	Fl 222.70
ROYAL DUTCH P	Fl 220	110	5	22	9.50	16	11.40	Fl 222.70
ROBECO P	Fl 85	317	2.50	249	4	-	-	Fl. 87.90
UNILEVER C	Fl 110	249	2.90	84	5.50	13	7.50	Fl 104.50
UNILEVER P	Fl 120	675	17 A	-	-	10	19.50 A	Fl 104.50

TOTAL VOLUME IN CONTRACTS : 18,913

A = Ask B = Bid C = Call P = Put

FT UNIT TRUST INFORMATION SERVICE

AUTHORISED UNIT TRUSTS

[illegible]

هكذا من الأصل

FT UNIT TRUST INFORMATION SERVICE

Scottish Life Investments(z)
19 St Andrew Sq, Edinburgh 031-225 2211

Nelson (UK)	206.1	220.5	+0.8	2.8
Columbus (US)	121.1	129.6	-0.6	1.50
Marco Polo (Pac)	218.0	233.2	+1.7	0.28
Da Vinci (Eur)	214.6	229.6	-1.4	1.35
Drake (Wwl)	87.2	93.9	+0.2	2.57

Scottish Mutual Investment Managers Ltd
109 St Vincent St, Glasgow G2 5HN 041-248 6100

UK Equity	203.8	216.9	—	2.61
UK Smllr Cos Eqty	210.7	224.2	—	2.07
UK Spec Sits	62.2	66.2	—	2.75
[illegible]	52.9	56.3	—	5.52
European	156.1	166.1	—	1.35
Far Eastern	52.1	55.5	—	2.00
Japanese	56.5	60.2	—	—
North American	104.9	111.7	—	1.92
Intl Growth	105.5	112.3	—	0.87
Worldwide Venture	52.2	55.6	—	3.08

Scottish Provident Inv. Mgt. Ltd
6 St Andrew Sq, Edinburgh EH2 2YA 031-558 2341/2/3

Equity Growth Acc	17.40	18.62	+0.02	3.04
Equity Growth Inc	17.23	18.44	+0.01	3.04
Intl Growth Acc	16.46	17.62	-0.08	1.75
Intl Growth Inc	16.37	17.52	-0.08	1.75
Global Income Acc	18.24	19.52	-0.11	5.52
Global Income Inc	18.24	19.52	-0.11	5.52
Market Leaders Acc	16.42	17.58	-0.04	3.46
Market Leaders Inc	16.20	17.34	+0.04	3.46

Scottish Unit Managers
48 Melville Street, Edinburgh EH3 7HF 031-226 4372

Pacific (z)	84.1	89.3	+0.5	0.00
Income	52.1	55.4	—	4.41
European (z)	32.6	34.7	-0.2	1.23
Nth American (z)	26.3	28.0	—	0.82
Intl Growth	431.3	458.8	-2.0	1.26
Gwth & Recovery	48.6	51.5	+0.2	2.38

Scottish Widows' Fund Management
PO Box 902, Edinburgh EH16 5BU 031-668 3724

Peg Equity Acc	317.2	337.6	+2.0	3.48
Peg Equity Inc	263.0	279.9	+1.6	3.48
Peg High Inc Acc	159.6	169.9	+0.7	4.63
Peg High Inc	147.5	157.0	+0.7	4.63
Peg Europe Acc	115.1	122.5	-1.1	1.75
Peg Europe Inc	113.9	121.2	-1.1	1.75

Vanguard Trust Managers Ltd — Contd.

American & Gen	52.4	55.7	-0.2	2.81
(Accum Units)	53.8	57.2	-0.1	2.81
Growth	223.4	237.0	+1.6	2.50
(Accum Units)	321.9	342.4	+2.4	2.50
High Yield	270.1	287.4	+1.3	4.47
(Accum Units)	289.9	308.4	+1.5	4.47
Special Sits	82.4	86.2	+0.2	2.34
(Accum Units)	54.5	58.0	+0.3	2.34
Trustee	158.7	168.8	-1.6	4.16
(Accum Units)	257.6	274.0	+2.5	4.16
European Inc	34.6	36.8	-0.3	0.61
(Accum Units)	34.7	36.9	-0.4	0.61

Wardley Unit Trust Managers Ltd (a)
99, Bishopsgate, London, EC2P 2LA 01-374 0861

American	48.2	51.5	-0.1	1.6
Intl Growth	63.2	67.5		0.4
Income	112.0	119.8	+0.3	5.5
Japan Growth	184.1	196.9	+1.5	0.2
Pacific Perf	115.4	123.5	-1.7	0.4
Small Co's	138.6	148.3	+0.2	1.5
Technology	31.7	33.9	-0.1	0.1
Australia	48.3	51.7	+1.1	1.3
UK Trust	154.5	165.2	-2.3	2.6
European Growth	39.3	42.0	-0.2	0.1
Hong Kong	25.4	27.2	+0.4	1.5
Intl Income	19.2	20.6	+0.1	8.5
S'pore & Mlysn Gth	18.1	19.3	-0.2	1.0
British Winners	24.6	26.4	—	4.0

Waverley Asset Management Ltd (a) (z) (g)
13 Charlotte Sq, Edinburgh 031-225 1551

Australasian Gold	17.7	18.8	—	0.00
Pacific Basin	22.0	23.4	+0.3	0.1
Can Balanced Gwth	42.5	45.2	-0.8	0.0
Glaxis Nise	97.6	101.7	+0.2	8.6
Penny Share	26.3	27.9	—	0.5

Wellington Fund Mngrs Ltd
2, London Bridge, SE1 01-407 4404

Wellington Income	105.6	112.7		4.78
Wellington Growth	163.5	173.7		1.54

Wessex Asset Management
1 Richmond Hill, Bournemouth BH2 6HW 0202 299432

Wessex UK Gwth	92.0	96.0	+0.3	—

Whittingdale Unit Trust Management Ltd

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INSURANCES

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FT UNIT TRUST INFORMATION SERVICE

Phoenix Assurance Co Ltd
Phoenix House, Redcliff Hill, Bristol 0272 294941
Life Assurance Funds

Wealth Assoc.	371.2	390.9	----	–
Ebr'r Ph. Eq.	330.4	341.4	----	–
Pension Plan Funds				
Phoenix				
UK Equity Acc.	164.1	172.7	----	–
International Acc.	124.4	130.9	----	–
Property Acc.	130.3	137.1	----	–
Fixed Interest Acc.	155.4	163.5	----	–
Money Acc.	139.2	146.5	----	–
Bldg. Soc. Link Acc.	136.3	143.4	----	–
Special Mngd. Acc. Q	146.0	153.6	----	–
Phoenix/Framlington				
Intl. Growth Acc.	85.3	89.7	----	–
Amer. & Gen. Acc.	78.8	82.9	----	–
Capital Tst. Acc.	167.2	176.0	----	–
Japan & Gen Acc.	186.2	195.9	----	–
American Turn. Acc.	83.6	87.9	----	–
Recovery Tst. Acc.	167.3	176.1	----	–
Special Mngd Acc.	141.1	148.5	----	–
Phoenix/GT				
International Acc.	122.6	129.0	----	–
US & General Acc.	82.8	87.1	----	–
Amer Spec Sits Acc.	64.9	68.3	----	–
Japan & General Acc.	186.9	196.7	----	–
Far East & Gen. Acc.	142.6	150.1	----	–
UK Capital Acc.	169.2	178.1	----	–
European Acc.	129.2	135.9	----	–
Special Mngd. Acc.	123.4	129.8	----	–

Pioneer Mutual Insurance Co Ltd
16 Crosby Rd, N. Waterloo, Liverpool 051-928 6655

Managed Fund	263.4	277.3	----	–
Man Pens Inc & Cap Fds.	335.7	353.4	----	–
Money Fund	112.3	118.3	----	–
Pens. Mngd Fd (Init)	83.6	88.0	----	–
Pens Mngd Fd (Acc)	95.0	100.0	----	–
Pens FT30 Fd (Init)	126.3	133.0	----	–
Pens FT30 Fd (Acc)	143.6	151.2	----	–
Pens O'seas MgFd(Init)	57.2	60.3	----	–
Pens O'seas MgFd(Acc)	65.0	68.5	----	–
Pens Fxd Int Fd (Init)	106.3	111.9	----	–
Pens Fxd Int Fd (Acc)	120.9	127.3	----	–

MANAGEMENT SERVICES

OFFSHORE AND OVERSEAS

هكذا من الأصل

LONDON SHARE SERVICE

FT UNIT TRUST INFORMATION SERVICE

BRITISH FUNDS

"Shorts" (Lives up to Five Years)

1988 High	1988 Low	Stock	Price £	+ or -	Yield Int.	Yield Red.
100⅛	99⅞	Treas 9¾pc Cv '88	100⅛xd	.....	9.74	7.83
99⅜	98⅞	Transport 3pc '78-88	99⅜	+⅛	3.01	6.71
100⅝	99⅞	Treas 9½pc '88	100⅜	+⅛	9.46	8.33
102⅞	101¼	Treas 11½pc 1989	102⅝	+¼	11.25	8.39
101⅜	99⅞	Treas 9½pc Cnv 1989	100⅞	+⅛	9.42	8.48
97⅜	95⅞	Treas 3pc 1989	96⅞xd	+⅛	3.10	6.35
102⅜	100⅞	Treas 10½pc 1989	101⅞xd	+⅛	10.31	8.69
102	100⅞	Exch 10pc 1989	101⅞	+⅛	9.86	8.77
103⅞	101⅞	Exch 11pc 1989	102¾	+¼	10.70	8.73
97⅜	95⅞	Treas 5pc 1986-89	96⅞	+⅛	5.17	7.39
104⅞	*101¼*	*Exch 10¼pcCv '89*	102⅞xd	+⅛	9.96	*8.13*
107½	105⅞	Treas 13pc 1990‡‡	106⅞	+⅛	12.21	8.71
104¼	102¾	Exch 11pc 1990‡‡	103⅞	+⅛	10.63	8.78
107⅜	105⅞	Exch. 12¼pc 1990	104⅞	+¼	11.78	8.80
93⅞	91⅞	Treas. 3pc 1990	93	+¼	3.23	6.84
99⅞	98⅞	Treas 8¼pc 1987-90‡‡	99⅞xd	+⅛	8.32	8.69
102¼	98⅞	Treas. 8pc Cv 1990 ‡‡	100¼	+⅛	7.97	7.80
103⅞	100⅞	Treas 10pcCv 1990	102⅞	+⅛	9.77	8.87
91⅞	88⅞	Exch 2½pc 1990	90⅞xd	+⅛	2.77	6.71
107¼	105⅞	Treas 11¾pc 1991	106⅞	+⅛	11.04	8.93
95⅞	92⅞	Funding 5¾pc '87-91‡‡	94⅞	+⅛	6.12	8.14
90⅞	87⅞	Treas 3pc 1991	89¼xd	+⅛	3.36	7.07
105⅞	101⅞	Treas 10pc Cv '91 ‡‡	103¼	+⅛	9.67	8.71
107⅞	104⅞	Exch. 11pc 1991	105⅞	+⅛	10.38	8.94
98⅞	95⅞	Treas 8pc 1991	97⅞xd	+⅛	8.23	8.92
113⅞	109⅞	Treas 12¾pc 1992‡‡	111⅞	+¼	11.44	9.01
104⅞	101¼	Treas 10pc 1992	103¼	+⅛	8.69	8.98
98⅞	94⅞	Treas. 8pc 1992 ‡‡	96⅞	+⅛	8.26	8.95
106¼	102⅞	Treas 10½pc Cv 1992‡‡	104¼	+¼	10.02	9.02
86⅞	83⅞	Treas 3pc 1992	85½xd	+⅛	3.51	7.19
112⅞	108¼	Exch 12¼pc '92	110⅞	+⅛	11.05	9.11
117⅞	113⅞	Exch 13½pc 1992	115⅞	+⅛	11.70	9.12
105⅞	100⅞	Treas 10pc 1993‡‡	103⅞	+¼	9.65	9.06

Five to Fifteen Years

1988 High	1988 Low	Stock	Price £	+ or -	Yield Int.	Yield Red.
115⅞	111	Treas 12½pc 1993‡‡	113¼	+⅛	11.02	9.16
93⅞	89⅝	Funding 6pc 1993‡‡	92⅞	+⅛	6.51	7.82
121⅞	116¼	Treas 13¾pc 1993‡‡	119⅞xd	+⅛	11.56	9.24
101⅞	96⅞	Treas. 8¼pc 1994	97⅞	+⅛		
125¼	120⅞	Treas 14½pc 1994‡‡	123	+⅛	11.78	9.24

BRITISH FUNDS—Contd

1988 High	1988 Low	Stock	Price £	+ or -	Yield Int.	Yield Red.
89⅜	82⅞	Treas. 7¾pc 2012-15‡‡	87⅞	+⅛	8.85	8.98
130⅞	121⅞	Exch. 12pc '13-'17	128¼xd	+½	9.35	9.12

Undated

1988 High	1988 Low	Stock	Price £	+ or -	Yield Int.	Yield Red.
44⅞	41⅞	Consols 4pc	43⅞	+¼	9.10	-
39⅞	37⅞	War Loan 3½pc‡‡	39¼xd	+¼	8.92	-
52¼	48⅞	Conv. 3½pc '61 Aft.	51⅞	+¼	6.76	-
33⅞	30⅞	Treas. 3pc '66 Aft.	32⅞	+½	9.11	-
28⅞	26¼	Consols 2½pc	27¼	+⅛	9.01	-
28⅞	26¼	Treas. 2½pc	27¼	+⅛	9.01	-

Index-Linked

1988 High	1988 Low	Stock	Price £	+ or -	(1)	(2)
120⅞	117½	Treas 2pc IL '90(84.6)	119⅞	+¼	0.51	
101⅞	99⅞	Do. 2pc '92‡‡ (97.8)	101¼	+⅛	2.01	
136¼	127¼	Do. 2pc '96(67.9)	136⅞	-⅛	2.91	
113⅞	103⅞	Do 2½pc '01 (78.3)	112¼	+⅛	3.52	
111⅞	*101¾*	*Do. 2½pc '03(78.8)*	109⅞xd	-⅛	3.60	
112⅞	102¼	Do. 2pc '06(69.5)	111¼	+⅛	3.66	
105⅞	95⅞	Do. 2½pc '09(78.8)	104⅞xd	+⅛	3.67	
109⅞	99⅞	Do. 2½pc '11(74.6)	108¼	+⅛	3.68	
90⅞	82⅞	Do. 2½pc '13(89.2)	89⅞	+⅛	3.66	
98⅞	88⅞	Do. 2½pc '16(81.6)	97¼	+⅛	3.63	
95⅞	87¼	Do. 2½pc '20 (83.0)	95¼	+⅛	3.58	
80⅞	73	Do. 2½pc '24 ‡‡(97.7)	80⅞	+⅛	3.53	

Prospective real redemption rate on projected inflation of (1) 10% and (2) 5%. (b) Figures in parentheses show RPI base month for indexing, (ie 8 months prior to issue) and have been adjusted to reflect rebasing of RPI to 100 in January 1987. Conversion factor 3.945. RPI for August 1987:102.1 and for March 1988:104.1.

INT. BANK AND O'SEAS GOVT STERLING ISSUES

1988 High	1988 Low	Stock	Price £	+ or -	Yield Int.	Yield Red.
109⅞	100⅞	African Dv Bk 11¼Ln 2010	106⅞	+⅛	10.49	
104⅞	96⅞	Asian Dev Bk 10¼pcLn2009	102⅞	+⅛	10.00	
129⅞	120⅞	Australia 13½pc 2010	127⅞	+½	10.58	
112⅞	103¼	Do. 11¼pcLn2015	110⅞	+⅛	10.29	
110⅞	103⅞	Euro Inv Bk 11pc Ln 2002	108⅞	+⅛	10.17	
105⅞	98⅞	Do. 10¼pc2004	103⅞	+⅛	9.98	

CORPORATION LOANS

COMMONWEALTH & AFRICAN LOANS

LOANS

Building Societies

Public Board and Ind.

Financial

Stock	Price £	+ or -	Yield Int.	Yield Red.
Un Ln '90	103½	+¼	11.35	9.36
ADb89-92	92	-1	7.88	9.41
Un. Ln. 1992	107¼	.....	11.60	9.98
A 1991-94	91	+¼	7.97	9.14
A 1991-94	98½	+½	9.14	9.31
Ln 1992-97	96¼xd	+¼	9.22	9.51

FOREIGN BONDS & RAILS

AMERICANS

1988 High	1988 Low	Stock	Price	+ or -	Div Gross	Yld
19¾	11⅞	Premark Intl	16⅞	-⅛	060c	1.9
17¼	12⅞	Primerica $1	13	.....	$1.60	6.7
26¼	21⅞	Quaker Oats $5	23¼	-⅛	$1.00	2.3
29¼	24	RJR Nabisco Inc	24⅝xd	-¼	$1.92	4.3
25½	21	Rep NY Corpn $5	21¼xd	+¼	$1.20	3.1
11⅞	9⅛	Rockwell Intl. $1	9⅝xd	-¼	72c	4.1
24¼	18⅞	Sara Lee $11/3	19⅝	.....	$1.20	3.3
22	18	Southwestern Bell $1	18½	+¼	$2.48	7.3

Continued on next page

Viking Fund-SICAV
20, Boulevard Emmanuel Servais, Luxembourg
NAV May 10 Ecu 106.65

Warburg Investment Management Jersey Ltd
39-41 Broad St, St Helier, Jersey, CI 0534 58482

CIIIT Ltd	£1.21	1.29	.....	0.82
Merc Comm Mkt May 6	£47.78	48.99	.....	1.86
Merc T'atlantic May 6	£26.78	27.46	.....	2.84
Metals Trust Apr 7	£19.14	19.61	.....	-
Energy Int	$80.21		.....	-
Merc Eurobond May 11	$25.02	25.07	.....	3.03
Mercury Far Eastern Trust Ltd				
Japan Fund May 6	$56.58	59.42	.....	0.13
Pacific Fund May 6	$35.60	37.39	.....	1.26
Mercury Money Market Trust Ltd				
£ Managed	£11.25	11.85	.....	-
US$ Managed	$33.11	34.86	.....	-
£ Sterling	£27.67		.....	-
US$	$41.80		.....	-
D Mark	DM89.74		.....	-
Yen	Y9215		.....	-
Dutch Guilder	DFl123.41		.....	-
SwFr	SFr84.31		.....	-
Mercury Offshore Stlg Tst-SICAV				
Global Fund	£0.947	1.010	.....	0.03
Overseas Fund	£1.007	1.076	.....	-
European Fund	£0.768	0.820	.....	0.16
Japan Fund	£1.228	1.315	.....	-
N American Fund	£0.866	0.920	.....	-
Pacific Fund	£0.816	0.882	.....	-
Utd Kingdom Fund	£1.171	1.243	.....	1.21
Cash Fund	£0.998	1.051	.....	7.88
Mercury Selected Tst-SICAV				
Australian Fd	$8.98	9.50	.....	-
European Fund	$17.17	18.33	.....	-
European Opps Fd	$9.07	9.67	.....	-
Global Bond Fd	$11.14	11.74	.....	-
Global Fd	$38.31	40.91	.....	3.67
Global Man Cur Fd	$10.59	11.16	.....	-
Hong Kong Fd	$6.58	7.07	.....	-
Japan Fund	$22.46	24.07	.....	-
Japan Opps Fd	$14.32	15.32	.....	-
North Amer Fd	$11.44	12.15	.....	-
Nth American Opps	$7.67	8.13	.....	-
Pacific Fd	$7.84	8.46	.....	-
Singapore & Mlysia Fd	$6.50	7.02	.....	-
United Kingdom	$20.70	21.98	.....	0.14
Yen Global Bond Fd	$12.90	13.59	.....	2.94
Yen Global Eq Fd	$10.18	10.88	.....	-
Yen Intl Eq Fd	$8.06	8.61	.....	-

Warburg Inv Mngmt (Isle of Man) Ltd
11 Hill Street, Douglas, IoM 0624 23956

Merc IoM Fund	104.8	111.0	+0.2	5.9
Merc Intl Bond	149.2	52.11	+0.2	9.4
Mercury 90:10 Trust (Sicav)				
Dollar Fd BOPUPs	$10.04	10.05	.....	-
Dollar Fd OPUPs	$9.72	9.76	.....	-
Sterling Fd BOPUPs	£10.08	10.09	.....	-
Sterling Fd OPUPs	£9.52	9.56	.....	-
DM Fd BOPUPs	DM10.00	10.01	.....	-
DM Fd OPUPs	DM9.63	9.67	.....	-
Yen Fd BOPUPs	$10.20	10.21	.....	-
Yen Fd OPUPs	$9.71	9.75	.....	-

Wardley Fund Managers (Jersey) Ltd
AIB House, Grenville St, St Helier 0534 59600
Dealers. 0534 59600

Wardley Japan Trust	$13.56	14.39xd	-0.13	-
Wardley Gilt Fund	£1.11	1.15xd	+0.70	-
Wardley Priv Cap Tst	$17.65	18.73xd	-0.03	-
Wardley Int Equity Tst	$10.90	11.57	+0.01	-

Money Market Trust Funds

Money Market Bank Accounts

Aitken Hume
30 City Road, EC1Y 2AY 01-638 6070

Treasury Acc	7.25	5.56	7.58	Qtr
Hse Int Chq £1000-£5000	7.00	5.37	7.34	Mth
Mth Int Chq £5,000+	7.25	5.56	7.62	Mth

Bank of Ireland
36 Queen St, EC4R 1BN 01-329 4500

High Int Cheq Acc	7.492	5.750	7.67	Qtr
£10,000+	7.818	6.000	8.00	Qtr

Bank of Scotland
38 Threadneedle St, EC2P 2EH 01 601 6746

Money Mkt Cheque Acc	7.25	5.56	7.61	Mth

Barclays Prime Account
PO Box 125, Northampton 0604 252891

High Int. Cheque	7.00	5.50	7.48	Qtr

Benchmark Bank PLC Premier Account
9 Henrietta Place, W1M 9AG 01-631 3313

£2,500-£10,000	8.00	6.14	8.31	6-mth
£10,001-£20,000	8.25	6.33	8.57	6-mth
£20,000+	8.50	6.52	8.84	6-mth

Brown Shipley & Co Ltd
Founders Court, Lothbury, London EC2. 01-606 9833

Demand Acc	7.25	5.56	7.58	Qtr.

Charterhouse Bank Limited
1 Paternoster Row, EC4M 7DH. 01-248 4000

Sterling	7.00	5.37	7.34	Mth
U.S. Dollar	6.25	4.80	6.32	Mth
German Marks	2.50	1.92	2.50	Mth
Swiss Francs	0.50	0.38	0.51	Mth
Japanese Yen	3.00	2.30	3.10	Mth

Citibank Savings
St Martins Hse, Hammersmith Grove W6 01-741 4941
Money Market Plus

£1,000-£24,999	7.50	5.50	7.73	Mth
£25,000	8.00	6.00	8.45	Mth

Clydesdale Bank PLC
30 St Vincent Place, Glasgow G1 2HL 041 248 7070

High Int Chq Acc	7.25	5.62	7.66	Qtr

Co-operative Bank Cheque & Save
78-80 Cornhill EC3 01-626 6543

£500-£2,500	4.31	3.31	4.47	Qtr
£2,500+	6.31	4.84	6.58	Qtr

Dartington & Co Ltd
9 The Crescent, Plymouth PL1 3AB 0752 673873

Money Mkt Acc	7.00	5.37	7.31	Qtr

Financial & General Securities Ltd
13 Lowndes Street, London, SW1X 9EX 01-235 0036

R.I.D.A. £5,000-£15,000	7.17	5.50	7.49	Qtr
R.I.D.A. £15,000+	7.625	5.875	8.05	Qtr

Gartmore Money Management Ltd
61 Queen St, London EC4R 1PH 01-236 1425

Money Mngt. Acc	6.5	4.99	6.77	3 Mth

Girobank plc High Interest Savings
10 Milk St, London EC2V 8JH 01 600 6020

£1,000-£3,999	6.0	5.3	7.07	Yearly
£4,000-£9,999	6.5	5.6	7.47	Yearly
£10,000+	7.25	5.85	7.8	Yearly

Grofund Inv Mngrs/Allied Irish Bank

UNIT TRUST NOTES

LONDON SHARE SERVICE

AMERICANS—Contd

1988 High	1988 Low	Stock	Price £	+ or −	Div Gross	C'vr	Y'ld Gr's
20⅝	11	♦Staley Continental	19½	−¼	80c	—	2.2
33½	27¾	Sun Co. Inc. $1	29⅞	−⅛	$3.00	—	5.5
28⅞	22¼	TRW Inc. 62½c	22⅝	−⅛	$1.60	—	3.9
25⅜	21¼	Tenneco $5	22½	−⅛	$3.04	—	7.5
27¾	19½	Texaco $6.25	26⅞	−⅛	$3.00	—	6.2
52⅞	43½	Time Inc. $1	47	+⅛	$1.00	—	1.2
20⅝	15⅜	Transamerica $1	16⅜	+⅛	$1.84	—	6.1
10⅛	754p	Transworld Corp $5	898p	.....	20c	—	1.2
20⅛	15	TRINOVA Corp.	15¾	−⅛	56c	—	2.0
19	15⅛	♦USX $1	16½	+⅛	$1.20	—	4.0
23	17⅝	Utd Technologies	19⅞	+⅛	$1.60	—	4.4
31⅞	26⅜	US West	27⅜	−⅛	$3.52	—	7.1
21⅛	16⅝	Waste Management $1	18	.....	36c	—	1.1
16⅜	12⅜	Whirlpool $1	14	−⅛	—	—	—
32⅞	18⅛	♦Woolworth $3½	27⅞	−⅞	$1.64	—	3.3

CANADIANS

[illegible]

BANKS, HP & LEASING

[illegible]

Hire Purchase, Leasing, etc.

[illegible]

BEERS, WINES & SPIRITS

[illegible]

BUILDING, TIMBER, ROADS

[illegible]

BUILDING, TIMBER, ROADS—Contd

[illegible]

CHEMICALS, PLASTICS

[illegible]

DRAPERY AND STORES

[illegible]

DRAPERY AND STORES—Contd

[illegible]

ELECTRICALS

[illegible]

ENGINEERING

[illegible]

ENGINEERING—Contd

[illegible]

FOOD, GROCERIES, ETC

[illegible]

HOTELS AND CATERERS

[illegible]

INDUSTRIALS (Miscel.)

[illegible]

INDUSTRIALS (Miscel.)—Contd

[illegible]

INSURANCES

[illegible]

هكذا من الأصل

LONDON SHARE SERVICE

LEISURE

MOTORS, AIRCRAFT TRADES

Commercial Vehicles

Components

Garages and Distributors

NEWSPAPERS, PUBLISHERS

PAPER, PRINTING, ADVERTISING

PAPER, PRINTING, ADVERTISING — Contd

PROPERTY

SHIPPING

SHOES AND LEATHER

SOUTH AFRICANS

TEXTILES

TEXTILES — Contd

TOBACCOS

TRUSTS, FINANCE, LAND

Investment Trusts

TRUSTS, FINANCE, LAND — Contd

Finance, Land, etc

OIL AND GAS

OIL AND GAS — Contd

OVERSEAS TRADERS

PLANTATIONS

Rubbers, Palm Oil

Teas

MINES

Central Rand

Eastern Rand

Far West Rand

O.F.S.

Diamond and Platinum

Central African

Finance

Australians

MINES — Contd

Tins

Miscellaneous

THIRD MARKET

NOTES

Stock Exchange dealing classifications are indicated to the right of security names: α Alpha, β Beta, γ Gamma. Unless otherwise indicated, prices and net dividends are in pence and denominations are 25p. Estimated price/earnings ratios and covers are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures. P/Es are calculated on "net" distribution basis, earnings per share being computed on profit after taxation and unrelieved ACT where applicable; bracketed figures indicate 10 per cent or more difference if calculated on "nil" distribution. Covers are based on "maximum" distribution; this compares gross dividend costs to profit after taxation, excluding exceptional profits/losses but including estimated extent of offsettable ACT. Yields are based on middle prices, are gross, adjusted to ACT of 25 per cent and allow for value of declared distribution and rights.

- ● "Tap Stock"
- * Highs and lows marked thus have been adjusted to allow for rights issues for cash
- † Interim since increased or resumed
- ‡ Interim since reduced, passed or deferred
- ‡‡ Tax-free to non-residents on application
- ◆ Figures or report awaited
- ♥ Not officially UK listed; dealings permitted under rule 535(4)(a)
- ♦ USM: not listed on Stock Exchange and company not subjected to same degree of regulation as listed securities.
- ‡‡ Dealt in under Rule 535(3).
- # Price at time of suspension
- ¶ Indicated dividend after pending scrip and/or rights issue; cover relates to previous dividend or forecast.
- ♦ Merger bid or reorganisation in progress
- ♦ Not comparable
- ♦ Same interim; reduced final and/or reduced earnings indicated
- § Forecast dividend; cover on earnings updated by latest interim statement.
- ‡ Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividend.
- ☆ Cover does not allow for shares which may also rank for dividend at a future date. No P/E usually provided.
- ■ No par value

B.Fr. Belgian Francs. Fr. French Francs ¶¶ Yield based on assumption Treasury Bill Rate stays unchanged until maturity of stock. a Annualised dividend. b Figures based on prospectus or other offer estimate. c Cents. d Dividend rate paid or payable on part of capital, cover based on dividend on full capital. e Redemption yield. f Flat yield. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. j Payment from capital sources. k Kenya. m Interim higher than previous total. n Rights issue pending q Earnings based on preliminary figures. s Dividend and yield exclude a special payment. t Indicated dividend: cover relates to previous dividend, P/E ratio based on latest annual earnings. u Forecast, or estimated annualised dividend rate, cover based on previous year's earnings. v Subject to local tax. x Dividend cover in excess of 100 times. y Dividend and yield based on merger terms. z Dividend and yield include a special payment: Cover does not apply to special payment. A Net dividend and yield. B Preference dividend passed or deferred. C Canadian. E Minimum tender price. F Dividend and yield based on prospectus or other official estimates for 1986-87. G Assumed dividend and yield after pending scrip and/or rights issue. H Dividend and yield based on prospectus or other official estimates for 1986. K Dividend and yield based on prospectus or other official estimates for 1987-88. L Estimated annualised dividend, cover and P/E based on latest annual earnings. M Dividend and yield based on prospectus or other official estimates for 1988. N Dividend and yield based on prospectus or other official estimates for 1987. P Figures based on prospectus or other official estimates for 1987. Q Gross. R Forecast annualised dividend, cover and p/e based on prospectus or other official estimates. T Figures assumed. W Pro forma figures. Z Dividend total to date.

Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xd ex capital distribution.

REGIONAL & IRISH STOCKS

The following is a selection of Regional and Irish stocks, the latter being quoted in Irish currency.

Albany Inv 20p.... γ	60xd	-3
Craig & Rose £1.. γ	680	-8
Finlay Pkg. 5p.... γ	70xd	.....
Holt (Jos) 25p.... γ	£11⅝xd	.....

IRISH

Nat. 9¾ % 84/89..	£101	.....
9pc Cap Ln 1996..	£98¼	.....
Fin. 13% 97/02...	£118¾	.....
Arnotts .... γ	310	.....
CPI Hldgs.. ...... γ	88	-2
Carrol Inds......... γ	145	.....
Hall (R. & H.)......	135	.....
Heiton Hldgs...... γ	41	.....
Irish Ropes......... γ	125	.....
Unidare............ γ	350	.....

TRADITIONAL OPTIONS

3-month call rates

Industrials

	p
Allied-Lyons	35
Amstrad	15
BAT	45
BOC Grp.	40
BSR	10
BTR	23
Barclays	48
Beecham	46
Blue Circle	42
Boots	26
Bowaters	38
Brit Aerospace	35
Brit. Telecom	22
Burton Ord.	24
Cadburys	26
Charter Cons.	32
Comm Union	35
Courtaulds	34
FKI Babcock	14
FNFC	25
Gen Accident	85
GEC	15
Glaxo	110
Grand Met	42
GUS 'A'	110
Guardian	87
GKN	30
Hanson	14
Hawker Sidd.	48
ICI	100
Jaguar	35
Ladbroke	38
Legal & Gen.	30
Lex Service	35
Lloyds Bank	28
Lucas Inds.	62
Marks & Spencer	20
Midland Bk	35
Morgan Grenfell	35
NEI	10
Nat West Bk	60
P & O Dfd.	52
Plessey	16
Polly Peck	32
Racal Elect.	22
RHM	35
Rank Org Ord.	60
Reed Intel	45
STC	25
Sears	14
TI	35
TSB	12
Tesco	16
Thorn EMI	60
Trust Houses	22
T&N	20
Unilever	50
Vickers	18
Wellcome	42

Property

Brit Land	28
Land Securities	48
MEPC	48
Peachey	40

Oils

Brit Petroleum	25
Britoil	50
Burmah Oil	45
Charterhall	6
Premier	8
Shell	110
Tricentrol	18
Ultramar	24

Mines

Cons Gold	100
Lonrho	29
RTZ	38

A selection of Options traded is given on the London Stock Exchange Report Page

This service is available to every Company dealt in on Stock Exchanges throughout the United Kingdom for a fee of £940 per annum for each security.

FINANCIAL TIMES

Weekend May 14/May 15 1988

Nato call to US on missiles pact

BY DAVID BUCHAN IN BRUSSELS AND STEWART FLEMING IN WASHINGTON

THE WESTERN ALLIANCE yesterday urged the US Senate to ratify the treaty scrapping medium-range missiles as soon as possible. The Nato call followed settlement by US and Soviet negotiators in Geneva this week of remaining differences over interpretation of the missile pact.

After briefing foreign ministers and envoys of the US's 15 Nato partners in Brussels, Mr George Shultz, the US secretary of state, said he would be taking to Washington "the unanimous view of the allies that ratification prior to the summit (between President Ronald Reagan and Mr Mikhail Gorbachev) would be best."

Mr Shultz, who will be testifying before the Senate on Monday, said Senate ratification, which the Reagan administration is anxious to secure, was possible before the US-Soviet summit at the end of this month in Moscow.

Mr Hans Dietrich Genscher, the West German foreign minister, said after the Nato Council meeting that ratification was vital for the predictability of East-West relations.

Mr David Mellor, a British foreign office minister, said that America's allies had reiterated their total support for the Intermediate Nuclear Forces (INF) treaty, under which the US will scrap cruise and Pershing missiles already based in Britain, West Germany, Italy, and Belgium in return for the Soviet Union destroying SS-20s and some shorter range weapons based in the Soviet parts of Europe and the Far East.

Mr Mellor said the real "touchstone" of a change in Soviet policy would be Moscow's willingness to negotiate to reduce its predominance in conventional forces over the West. However, the West should not be prepared "to pocket a treaty" on conventional forces unless there was balancing improvement in Soviet human rights conduct.

In Washington yesterday, senior Republicans, including Senator Robert Dole, Senate Minority Leader, were urging that the debate on the ratification of the INF treaty ought to begin as soon as possible, perhaps as early as Monday. However, it remained unclear when the treaty would be brought to the Senate floor.

Lt Gen Colin Powell, the President's national security adviser returned to Washington with the Geneva agreements overnight and the White House said he would be briefing several groups of Senators on the accords.

Arms control advocates fear that unless it is ratified before the summit the treaty may join the long list of US arms control agreements which failed to receive Senate approval.

Even if Senate leaders are satisfied that the verification issues have been resolved satisfactorily in Geneva, this does not mean that approval of the treaty by the Senate is now plain sailing. "All it does is open this up to a big fight," said one Senate arms control expert.

A key issue which has yet to be resolved is the dispute between the White House and influential Democrats, including Senator Sam Nunn, about the flexibility the Administration has to re-interpret treaties. This issue arose in the context of Administration moves in 1985 to broaden the conventional interpretation of the 1972 Anti Ballistic Missile Treaty in order to make it easier to test equipment for the "Star Wars" Strategic Defence Initiative.

Details of Geneva agreement, Page 2

NUS hopes to recover assets as secondary action ends

By Jimmy Burns, Labour Staff

THE NATIONAL Union of Seamen hopes to recover control of its sequestrated assets next week after members in all Channel ports heeded their leadership's call to end secondary action in support of Dover-based colleagues sacked by P&O.

Sealink, whose decision to take legal action against the NUS on the grounds of secondary action led to sequestration of the union's £2.8m assets nine days ago, said last night it was satisfied that all its cross-Channel operations were back to normal.

Similarly P&O said its operations were no longer affected by secondary action although its Dover-based subsidiary, P&O European Ferries (Dover) continues to face picketing by NUS members who have been sacked by the company and only three of its 11 ships are back at sea.

One of the last pockets of resistance to an end to secondary action deemed unlawful by the High Court was in Portsmouth where about 190 seamen claimed that the local P&O management was insisting on a no-strike agreement before agreeing to their reinstatement.

Following protracted negotiations local NUS officials in Portsmouth last night claimed that an "amicable agreement" had finally been reached with P&O after management had dropped the no-strike clause.

Meanwhile management of the Isle of Man Steam Packet Company claimed to have achieved a breakthrough in their fraught industrial relations with the NUS by getting a written assurance from the union that its seamen would not disrupt services throughout the summer period. The company indicated that it hoped the no-strike deal would eventually be extended.

Earlier yesterday a mass meeting of about 1,000 Dover-based seamen voted overwhelmingly in support of an instruction from their leadership to continue their dispute with P&O until the company agreed to renegotiate its new terms and conditions.

Mr Sam McCluskie, NUS general secretary, told the meeting that the union had been assured of continuing financial support from the Labour movement and from continental unions. He also announced that he would be seeking to enforce the expulsion from the union of all members who had agreed to work for P&O during the strike.

In an emotional speech Mr McCluskie admitted that he had had no choice but to order members to call of their secondary action on Thursday because of the growing number of seamen who had begun abandon the strike.

Mr McCluskie told P&O strikers who were strongly critical of the move: "I'm asking you to pick yourselves up and count every penny the union's got to defend you."

Nevertheless a group of dissident P&O seamen announced that they were forming a broad-left "grass-roots" alternative to Mr McCluskie and they would call for a resumption of industrial action on a national scale at the union's biennial conference due to begin on Monday in Hull.

Bank told to divulge Guinness information

By Raymond Hughes, Law Courts Correspondent

STANDARD Chartered Bank (C.I.) in Jersey was yesterday ordered to disclose to fraud squad detectives investigating the Guinness affair information, including bank records and letters, relating to a company linked to Mr Tom Ward, a US lawyer and former director of Guinness.

The Royal Court in St Helier ordered the bank to give a written statement about accounts held for Marketing & Acquisition Consultants and/or Europlan Trust Company and/or Fiduciaire Caesarea "or for any person as nominee for each or any of them", relating to the period from January 1, 1983.

Marketing & Acquisition Consultants is the company to which Guinness paid the disputed £5.2m payment made to Mr Ward in connection with the takeover of Distillers.

The payment is the subject of a civil claim by Guinness against Mr Ward and Mr Ernest Saunders, the former Guinness chairman. On Monday the Court of Appeal rejected Mr Ward's appeal against the High Court's ruling that Guinness was entitled to immediate repayment of the money.

The £5.2m also figures in three of the criminal charges Mr Saunders faces.

MAC and Europlan Trust Company are both associated with Mr Michael Dee, a Jersey businessman who was recently ordered by the Royal Court to be examined in private about those and other companies in his Europlan group, and about the £5.2m.

Mr Dee was required to detail the companies' dealings, and his business and personal associations, with Mr Saunders, with four others charged in the Guinness affair – Sir Jack Lyons, Mr Roger Seelig, Mr Gerald Ronson and Mr Anthony Parnes – with Mr Ward and with Mr William F.Dwyer II, an US lawyer.

Yesterday's order against Standard Chartered also required it to produce all correspondence concerning the accounts between it and Charterhouse Bank (Jersey), MAC, Europlan Trust Company, Mr Dee, Mr Ward, Mr Dwyer, Mr Saunders and Guinness.

The Royal Court also ordered that the written statement and the records and documents should be forwarded to Bow Street magistrates court in London.

American Airlines takes BA to court in reservations dispute

BY LYNTON McLAIN

AMERICAN AIRLINES, the second largest US airline, is taking British Airways to the High Court in London on Wednesday in a dispute over alleged unfair practices by BA in the operation of computer reservation systems with UK travel agents.

The airline claims BA is abusing its dominant position in the UK air travel market.

It is also taking its case to the European Commission alleging uncompetitive practices by BA in defiance of the Treaty of Rome provisions on free competition.

The dispute is likely to embroil the US and UK Governments just as the peak summer season for transatlantic travel gets under way. The two Governments discussed issues related to the complaint at the end of last month but failed to produce a settlement. The US Government wants the discussions to continue.

BA said yesterday it would "vigorously defend itself" in court next week and accused American Airlines of trying to force entry into the UK airline computer reservations system by legal action.

The US airline already has the support of the US Department of Transportation after requesting that the department take "appropriate remedial action against BA to ensure US carriers a fair and equal opportunity to compete under the US-UK bilateral air services agreement."

Last Friday the department gave BA and American Airlines a deadline of June 9 before it would take action on the original complaint filed by American Airlines in January, under the International Air Transportation Fair Competitive Practices Act 1974.

The department said: "The complaint alleges that BA, directly and through its Travicom computer reservations system, engages in unreasonably discriminatory and anti-competitive practices against American and other US carriers in the US-UK market.

"American Airlines asserts that BA maintains displays in Travicom that are unfairly biased in favour of BA's flights. American argues that the creation and maintenance of heavily biased Travicom displays and the simultaneous entry barriers to its Sabre system have preserved a monopoly for Travicom and have greatly enhanced BA's share of the transatlantic market".

Mr Max Hopper, vice president for information systems at American Airlines, said in London yesterday BA had threatened travel agents with penalties if they used any computer reservation system other than BA's Travicom system. American Airlines uses the Sabre computer reservation system.

The action will involve a claim by American Airlines for "normal commercial damages" against BA, Mr Hopper said.

BA said yesterday that its Travicom system was "entirely neutral." It described Travicom as a "multi-access system that gives travel agents access to the data bases of 49 subscribing airlines, including the Sabre system of American Airlines." BA dismissed the allegations that it had threatened travel agents with penalties.

American Airlines wants to be free to introduce its own computer reservation system into UK travel agents.

Trans World Airlines and North West Airlines have also raised issues, similar to those of American Airlines, with the US Transportation Department on alleged bias and restricted access to the UK airline market.

Threat to British Coal spending

BY MAURICE SAMUELSON

THE GOVERNMENT may withhold agreement next year on some of British Coal's annual £650m capital spending programme. Its agreement hinges on more intensive use of equipment through production of coal on Saturdays.

Miners would not necessarily work a longer week, but Saturday production would breach the five-day schedule introduced more than 40 years ago. The change is opposed by the National Union of Mineworkers, although NUM branches in south Wales and Scotland are willing to consider acceptance.

The Union of Democratic Mineworkers says it would consider flexible working in new collieries. So far it has not been adopted in any part of the industry.

British Coal agrees with ministers about the need for six-day production, but seems to have no clear idea about ways of starting it.

This week, Mr Cecil Parkinson, Energy Secretary, and Mr Michael Spicer, a junior minister in the same department, expressed mounting frustration and impatience with British Coal.

In a clear hint that they may not automatically authorise all its capital spending for 1988-89, both ministers said the investment could be justified only if more use was made of the new equipment.

Mr Parkinson said yesterday that the new practices were vital. Without them, "high levels of investment cannot continue," he told the conference of the Institute of Mining Engineers in Blackpool.

Mr Spicer said on Wednesday in the presence of Sir Kenneth Couzens, deputy chairman of British Coal: "Time is running out."

The ministers are understood to be dissatisfied by the corporation's strategy on flexible working. It seeks to launch the new system only at a new colliery instead of also doing so at existing pits.

British Coal appears to be divided on the issue. Sir Kenneth is sceptical about trying to reform the five-day week at existing collieries. But there is also a view in British Coal that it would pay off in more than half the pits, with a net benefit of 10 to 15 per cent.

Six-day production was demanded two years ago by Mr Peter Walker, then Energy Secretary, as a condition for building a coking-coal mine at Margam, south Wales. The project was put on ice because the local NUM felt unable to defy national union opposition to flexible working.

The Union of Democratic Mineworkers, which accepts flexible working at new sites, is in negotiations about it at the new Asfordby pit in Leicestershire.

The mine shaft has been completed but if there is no manning agreement in the next few months the project will be frozen.

Meanwhile there has been a breakthrough on the principle in existing collieries. The Scottish NUM, anxious to save the mine at Longannet, Fife, says it will accept flexible working.

Its survival is threatened by a dispute between British Coal and the South of Scotland Electricity Board. There is no sign that British Coal has taken up the Scottish miners' offer.

THE LEX COLUMN

Too delicate for words

If there was ever a case when Government officials would have been wise to keep their mouths shut, this week would rank high on any list. The sight of the three most important people in the UK Government disagreeing on as fundamental an issue as exchange rate policy was not going to contribute to orderly markets at the best of times; and it was particularly disturbing given the financial markets' current nervous mood. Few would quibble with the Bank of England's assessment that sterling is too high and UK interest rates are too low, but its task of smoothing sterling's performance is made more difficult by the willingness of Government ministers to air their differences in public.

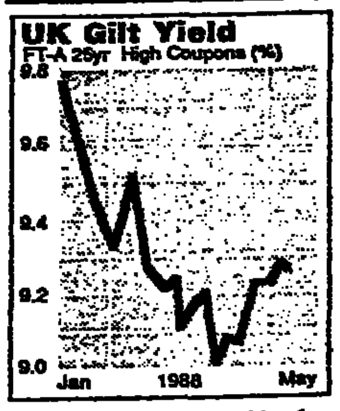
To the foreign investor, at least, the pound still looks good value. The combination of a robust economy, relatively high interest rates and a Prime Minister who is more anxious than her ministers to let a rising pound curb inflation pressures explains why sterling is such a good one-way bet at the moment. There are signs of overheating in the UK economy, but if the pound were to break decisively above the DM3.20 level say, then the authorities will be forced into the unenviable position of having to cut interest rates yet again. And while this will only compound the readjustment problems at some later stage, this is not going to worry the short-term foreign investor.

Against this highly unstable background, the UK equity market has held up reasonably well. Admittedly, the prospect of lower rather than higher interest rates should help share prices, but the pound's strength is beginning to squeeze corporate profits at a time when they were already set to grow far more slowly. Takeover activity is boosting the already high levels of institutional cash, but until the Government sorts out its current exchange rate policy mess, this money is likely to stay on the sidelines.

European car sales

The news that European car sales are beginning to return to less extravagant levels must come as something of a relief to an industry which has been flogging itself for months to meet unexpectedly strong demand. Indeed, expectations of an imminent downturn have been around for so long that Thursday's figures showing a 3.2 per cent

FT Index rose 11.0 to 1428.6



decline in April were a bit of an anti-climax – rightly so, as 1988 should still prove another record or near-record year with sales close to last year's 12.4m vehicles.

So, in the short term, there should still be plenty of demand to go round – and to keep Europe's volume carmakers behaving politely towards one another in the matter of pricing. Next year may well be another matter, though; the gentlemanly restraints could come off if demand turns properly downward as expected, and the result may be what the experts coyly call a disorderly market, otherwise known as good news for consumers.

Leading the pack of the also-rans in such an event would probably be Volkswagen, which has the most serious cost problems and less in the way of exciting new products than most of its competitors. Rover, too, could prove fragile; even assuming that the European Commission lets British Aerospace take Rover off the Government's hands, neither of the new partners would have much financial weight to throw around in a price war.

The main beneficiaries this year and next will probably be Peugeot and Fiat – though not necessarily in that order. Both can boast of flashy new models now on the market or about to appear, and both showed very strong first quarter sales; but despite Peugeot's heavy debt burden and expected flat 1988 earnings, a prospective p/e of 4 contrasts oddly with Fiat's rating of more than twice as much.

Sotheby's

From the point of view of Mr Taubman, the long-awaited flotation of Sotheby's has scarcely been a runaway success, with the placing price at the very bottom of the $18 to $21 range and the proceeds on the thin side of $100m. This time the price cannot be blamed on the market, which has barely moved since the range was set. It seems Sotheby's advisers were simply over-enthusiastic in expecting the company to command an equal rating to Christie's. Indeed, some might argue that to get away with a p/e of 11.5 historic, less than a point lower than Christie's, was perhaps not such a bad outcome after all.

In another respect, the return of Sotheby's to the market has been highly satisfactory. This is the first time that a US-style flotation has been tried in the London market, and the vision yesterday of the shares trading calmly at the placing price shows the extent of the success. In this kind of issue – where there is only one comparable company anywhere in the world, and where the business is under-researched by investment analysts – the red herring prospectus comes into its own.

By establishing in advance how much investors are prepared to pay, the issue ends up correctly priced almost by definition. If, instead, the shares had been offered for sale in the London market at the middle of the expected range, the underwriters would presumably have been left with a large slice of the issue, and the shares might have taken a long time to shake off the consequences.

Sea Containers

There is an unmistakable air of humbug about Sea Containers' plans to fight P&O for the leadership of the cross channel ferry market. It is only just beginning to emerge from a very difficult financial period, and would have recorded a hefty loss in its first quarter had it not been for the well-timed sale of its London headquarters. Not only is it far more highly leveraged than P&O – a company more than 10 times its size – but it is far more dependent on the highly seasonal ferry market. With perhaps 8 per cent of its expected annual profits of over £300m coming from ferries, P&O can afford to sit out a dispute which could sink Sea Containers. While Sea Containers will pick up some short-term profits, it probably would not be able to last long if P&O retaliated by launching a serious long-term price war on the channel.

CHIEF LONDON PRICE CHANGES YESTERDAY

(Prices in pence unless otherwise indicated)

RISES			
Treas. 8½pc 2007	£94⅞	+	17/32
Appleyard	435	+	11
Assoc. Brit. Ports	521	+	22
BOC	387	+	7
Burton	233	+	6
CASE	102	+	9
Cable & Wireless	330	+	6
Campari Intl.	307	+	18
Crystalate	159	+	10
Guinness	311	+	7
Ladbroke	403	+	8
Macallan-Glenlivet	900	+	40
Morgan Grenfell	287	+	9
Perry Group	239	+	13
Racal Elec.	318	+	11
Unilever	452	+	9
FALLS			
Dowty	178	–	7
Pearson	699	–	14
Royal Ins.	393	–	6

WORLDWIDE WEATHER

		Y'day midday °C	°F			Y'day midday °C	°F			Y'day midday °C	°F			Y'day midday °C	°F
Ajaccio	F	18	64	Dallas		–	–	Madeira	C	18	64	Prague	F	21	70
Algiers	C	16	61	Dublin	C	14	57	Madrid	F	16	61	Reykjavik	S	12	54
Amsterdam	S	24	75	Dubrovnik	F	22	72	Majorca	T	18	64	Rhodes	S	28	82
Athens	F	22	72	Edinburgh	C	11	52	Malaga	C	20	68	Rio de Janeiro		–	–
Bahrain	S	32	90	Faro	R	14	57	Malta	F	22	72	Rome	F	22	72
Barcelona	C	18	64	Florence	C	16	61	Manchester	C	14	57	Salzburg	S	23	73
Belfast	C	15	59	Frankfurt	S	23	73	Melbourne	S	20	68	S'Francisco †	C	12	54
Belgrade	F	17	63	Geneva	F	22	72	Mexico City		–	–	Santiago		–	–
Berlin	S	22	72	Gibraltar	C	17	63	Miami †	F	25	77	Seoul	F	23	73
Biarritz	C	15	59	Glasgow	C	14	57	Milan	R	16	61	Singapore	F	27	81
Birmingham	F	18	64	Guernsey	F	14	57	Montreal †	C	16	61	Stockholm	S	21	70
Blackpool	C	17	63	Helsinki	S	20	68	Moscow	F	16	61	Strasbourg	S	22	72
Bombay	S	32	90	Hong Kong	R	23	73	Munich	S	21	70	Sydney	S	19	66
Bordeaux	F	21	70	Innsbruck	F	22	72	Nairobi		–	–	Tangier	C	18	64
Boulogne	F	17	63	Inverness	F	13	55	Naples	F	24	75	Tel Aviv	S	30	86
Bristol	F	18	64	Isle of Man	C	14	57	Nassau		–	–	Tenerife	C	20	68
Brussels	S	22	72	Istanbul	F	18	64	Newcastle	C	13	55	Tokyo	S	23	73
Buenos Aires		–	–	Jersey	F	17	63	New Delhi	S	41	106	Toronto †	S	19	66
Budapest	C	20	68	Johannesburg	S	20	68	New York †		–	–	Tunis	C	22	72
Cairo	S	35	95	Las Palmas	F	21	70	Nice	C	16	61	Valencia	C	19	66
Cape Town	F	20	68	Leeds	C	15	59	Nicosia	S	25	77	Venice	F	19	66
Cardiff	S	19	66	Lisbon	C	14	57	Oporto	C	15	59	Vienna	C	19	66
Chicago †	C	14	57	Locarno	C	15	59	Oslo	S	19	66	Warsaw	F	21	70
Cologne	S	24	75	London	F	21	70	Paris	S	22	72	Washington †	S	17	63
Copenhagen	S	19	66	Los Angeles †	F	15	59	Peking	R	19	66	Wellington	S	11	52
Corfu	C	23	73	Luxembourg	S	20	68	Perth	F	16	61	Zurich	S	20	68

C–Cloudy. Dr–Drizzle. F–Fair. Fg–Fog. H–Hail. R–Rain. S–Sunny. Sl–Sleet. Sn–Snow. T–Thunder.
† Noon GMT temperatures

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Sterling rises sharply

In its bulletin, the Bank said it was not happy with the current mix of monetary policy where interest rates were low and exchange rates high. Although such a mixture would provide the necessary anti-inflationary pressure to the UK economy, higher interest rates and a lower exchange rate would be preferable.

The Bank, however, let it be known that if sterling were to weaken substantially it would like to see interest rates higher to maintain the downward pressure on inflation.

Janet Bush in New York adds: US financial markets ended a volatile week – which saw the successful completion of the Treasury's quarterly refunding and a half-point rise in bank prime rate to 9 per cent – on a calmer note.

Both bonds and equities recovered some of their losses on nervousness about an apparent tightening in the US Federal Reserve's monetary policy and concern that interest rates overseas may be headed higher.

At mid-session yesterday, the Dow Jones Industrial Average was 21.55 higher at 1,989.55 while bond prices stood as much as ⅞ of a point higher. All three new bond issues sold at the refunding traded above their auction prices.

The next test of confidence will be Tuesday's US trade figures, which forecasters expect will show a narrowing in the deficit from $13.8bn in February to nearer $12bn.

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Thatcher launches Scottish campaign

ence yesterday of devolution for Scotland and extolled the virtues of unionism.

"People say we are not a Scottish party," she said. "But neither are we an English party nor a Welsh party nor an Irish party. We are a party of the whole United Kingdom."

The party, she said, believed in a Scotland that continued to play a full part in the kingdom on equal terms. Scotland would lose influence if it had its own assembly.

The Conservatives were offering their own policy of devolution by devolving responsibility to the Scottish people – through the right to buy their council homes, choose their schools and buy shares in privatised industries.

Mrs Thatcher said that: "As Scotland regains its self-confidence, as more Scots realise they have every right to be proud of Scotland's economic recovery, so our fortunes will revive."

Mrs Thatcher went into detail to explain recent changes in the social security system which were subjected to sustained criticism from Conservatives during the conference. She also upheld the virtues of the community charge which comes into effect in Scotland next year.